JOINT OVERSIGHT HEARING ON TEMPORARY VOCATIONAL TRAINING PROGRAMS FOR PENSION AND SERVICE-CONNECTED DISABLED VETERANS

HEARING

BEFORE THE

SUBCOMMITTE ON COMPENSATION, PENSION AND INSURANCE

AND THE

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

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JOINT OVERSIGHT HEARING ON TEMPORARY VOCATIONAL TRAINING PROGRAMS FOR PENSION AND SERVICE-CONNECTED DISABLED VETERANS

Wednesday, June 24, 1987

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMPENSATION,
PENSION AND INSURANCE;
SUBCOMMITTEE ON EDUCATION, TRAINING
AND EMPLOYMENT,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The subcommittees met in joint session, pursuant to notice, at 9:03 a.m., in Room 334, Cannon House Office Building, Hon. Doug Applegate (chairman of the Subcommittee on Compensation, Pension and Insurance) presiding.

Present: Representatives Applegate, Dowdy, Penny, Evans, Jontz, Kennedy, McEwen, Smith of New Jersey, and Ridge.

OPENING STATEMENT OF HON. DOUGLAS APPLEGATE

Mr. APPLEGATE. Good morning to everybody.

Before we get started, I would like to just mention that our colleague, Lane Evans, is not here yet. However, I want to wish a happy birthday to Mr. Sam Leroy Mendel of Galva, IL, which is in Lane Evans' district. He is celebrating his 103rd birthday. He is one of only three remaining Spanish-American War veterans left in the country. So we all extend to Sam a hearty happy birthday. I suppose, as we usually do, could wish him another 103, but I suppose he will live them one day at a time. He is one of our great veterans.

We are here this morning, together with the Subcommittee on Education, Training and Employment, to take testimony on the operation of two temporary programs of vocational rehabilitation for young pensioners and certain severely disabled, service-connected veterans.

We are operating today as a joint subcommittee, which is an extremely rare occurrence. However, since there is a considerable degree of overlap between our two subcommittees on these programs, I am very pleased that we are able to address this very important subjet together.

I want to take this time to thank my good friend and today's cochairman, the Honorable Wayne Dowdy, Chairman of the Subcom-

mittee on Education, Training and Employment, for agreeing to cohost this.

The temporary programs we are discussing today were put in place by Public Law 98-543 and run from February 1, 1985 until January 31, 1989. Each is intended to promote the further rehabilitation of severely disabled veterans.

The program for pensioners requires all new pension recipients under the age of 50 to participate in an evaluation to determine the feasibility of training. Thereafter, participation in an individually designed vocational rehabilitation program is wholly voluntary. The program is also open, on a voluntary basis, to new pension recipients over the age of 50. Current law limits the number of evaluations that may be made to 2,500 during each program year.

The program for service-connected disabled veterans provides a trial work period during which a veteran's total disability rating due to individual unemployability is protected, and also requires such veterans to participate in programs of vocational rehabilitation if training is found to be feasible. Failure to participate in the training can result in a lower evaluation based solely on the veteran's schedular rating.

The programs are due to expire in January of 1989. Consequently, it is most important that we evaluate the need for and desirability of continuing them and perhaps modifying them.

I firmly believe that each of the programs is beneficial to the particular group of veterans affected, and I am looking forward to hearing the Veterans' Administration's and service organizations' views and comments on just how well they are progressing.

At this time I would like to recognize the gentleman from Mississippi, the Honorable Wayne Dowdy, Chairman of the Subcommittee on Education, Training and Employment. Mr. Chairman, you do an outstanding job in the area of veterans' employment. You have shown it this year already, where you moved in as Chairman and have already gotten the ball rolling and have come forth with some very valuable legislation to the benefit of American veterans.

I will now turn it over to you.

OPENING STATEMENT OF HON. WAYNE DOWDY

Mr. DOWDY. Thank you very much, Doug. I want to join the distinguished Chairman of the Subcommittee on Compensation, Pension and Insurance, Doug Applegate, in welcoming all of you here this morning. I would also join in welcoming you with the ranking member of our subcommittee, my good friend and colleague, Chris Smith.

As has been pointed out, this joint subcommittee hearing is unusual but entirely appropriate. Although these temporary programs of vocational training are within the legislative jurisdiction of the Subcommittee on Compensation, Pension and Insurance, we on the Subcommittee on Education, Training and Employment are very interested in the progress of these programs. I firmly believe that employment and training, when feasible, are critical components in the readjustment of those who have served in our armed forces and should be encouraged. Assisting a disabled veteran in his or her effort to return to the work force is, in my view, good

public policy. Today's hearing will enable us to determine if these pilot programs are accomplishng that goal.

I am concerned about a few aspects of the program, such as the cap on the number of evaluations that may be made under current law. I look forward to discussing this and other issues with the witnesses following their testimony.

I applaud Chairman Applegate and the members of the Compensation, Pension and Insurance Subcommittee for establishing these pilot programs and for holding this hearing today. I also want to thank you, Doug, for inviting the Education, Training and Employment Subcommittee to participate.

Mr. APPLEGATE. Thank you, Chairman Dowdy.

Next I would like to recognize my good friend and colleague from the great State of Ohio, the vice-chairman of the Subcommittee on Compensation, Pension and Insurance, Bob McEwen.

OPENING STATEMENT OF HON. BOB MC EWEN

Mr. MCEWEN. Thank you very much, Mr. Chairman.

I am pleased that we are conducting this joint hearing with our colleagues from the Education, Training and Employment Subcommittee to review the Veterans' Administration implementation of the two pilot programs established under Public Law 98–543, as you mentioned. These two programs are designed to help two categories of veterans find gainful employment. These two categories are nonservice-connected pensioners and service-connected veterans rated totally disabled due to individual unemployability.

In the development and authorization of these programs, our committee never expected an overnight success. What we desired, and what these programs are achieving, is the testing of two new concepts for reaching out to educate, train and employ some of our most deserving veterans. We are taking an interim look to find out how we're doing and if there have been any start-up problems or other problems that have been identified so that the Congress can keep informed and so that, if necessary, corrective action could be taken. The jury is still out on these tests and judgment must be reserved until they have had a fair chance. I think it is important that we do this, and I commend the Chairman for doing so.

I welcome the opportunity to hear the views of the VA and the veterans' service organizations. I think this is an effective use of the oversight function by our two subcommittees, and I commend the Chairmen, Mr. Dowdy and Mr. Applegate, as well as vice-chairman Smith, for their close attention to these pilot programs.

Thank you once again, Mr. Chairman, for your attention to these issues.

Mr. APPLEGATE. Thank you, Mr. McEwen.

I would like to now recognize the ranking minority member of the Education, Training and Employment Subcommittee, Mr. Chris Smith of New Jersey.

OPENING STATEMENT OF HON. CHRISTOPHER H. SMITH

Mr. SMITH of New Jersey. Thank you, Mr. Chairman. I, too, want to commend you and Mr. Dowdy for holding this hearing.

Mr. Chairman, I believe the time is right for us to begin the evaluation process of these two temporary vocation training programs which were established in 1984 and which are set to expire in January of 1989. While it may be too early to fully recognize the effectiveness of these programs, the preliminary information that will be presented today will be most useful.

As you know, Mr. Chairman, these programs were difficult to start up and the results of any training and education program takes time to gauge. However, today's review should help tell us if these programs are moving in the right direction. As we scrutinize these programs, Mr. Chairman, I trust we will find that a sizeable percentage of our seriously disabled veterans can be successfully educated and trained for meaningful employment.

As we judge these programs, we must look beyond the statistical information to the very real benefit these pilot programs provide. To those seriously disabled veterans who move from training and education to employment in the years ahead, these programs represent more than the means to find a job; they represent hope and dignity and a renewed sense of self-respect and independence.

I look forward to the comments that will be made by our witnesses and yield back the balance of my time.

Mr. APPLEGATE. Thank you very much, Mr. Smith.

Jim Jontz of Indiana is with us today. He is one of our very top and outstanding freshman Members. Jim?

Mr. JONTZ. Thank you, Mr. Chairman. It is a pleasure for me to join my colleagues on the Education, Training and Employment Subcommittee and your subcommittee, Mr. Chairman, for these hearings this morning. I am looking forward to hearing the witnesses.

Mr. APPLEGATE. Thank you, Mr. Jontz.

Mr. Tim Penny of Minnesota.

Mr. PENNY. I have no opening statement, Mr. Chairman.

Mr. APPLEGATE. Okay. I thank you all very much.

Our first witness this morning will be Dr. Dennis R. Wyant, Director of the Veterans' Administration's Vocational Rehabilitation and Education Service.

STATEMENT OF DENNIS R. WYANT, DIRECTOR, VOCATIONAL REHABILITATION AND EDUCATION SERVICE, DEPARTMENT OF VETERANS BENEFITS, VETERANS' ADMINISTRATION; ACCOMPANIED BY DEAN GALLIN, OFFICE OF GENERAL COUNSEL; AND JAMES REED, CHIEF OF FIELD OPERATIONS FOR VOCATIONAL REHABILITATION

Dr. WYANT. Thank you very much, Mr. Chairman.

Having appeared before oversight committees before, this is my first time in front of two subcommittees. Knowing how rough it is in front of one subcommittee, I hope it's not twice as rough before two.

To my right here is Mr. Dean Gallin from the General Counsel's office, who has helped us form the regulations and implementing instructions for this program. To my left is Mr. James Reed, the Chief of Field Operations for Vocational Rehabilitation, the person responsible for making sure that this program works in the field.

Mr. APPLEGATE. We welcome all of you here this morning.

Dr. WYANT. Thank you.

We have presented to you a full statement and, with your permission, we would like to submit that for the record and I would like to give you a short summary. I know that's redundant, but you have heard long summaries and short summaries.

Mr. APPLEGATE. All right. We would like to hear what you have to say, and your statement will be made a part of the record, without objection.

Dr. WYANT. Thank you, Mr. Chairman.

You have already discussed the basic framework of this bill, so I will skip that part of the law.

Based on the first 2 years of this program—and that is the data we have accumulated so far—we are extremely optimistic with the results. We have evaluated 3,732 veterans under the vocational training program for pensioners, and 92 percent of those have been in the 50 years of age and under category. We have been pleasantly surprised to find that for about one out of three of those individuals, 1,180 veterans, vocational training has been found feasible. Again, about one out of three, a little over 300, has agreed to participate in a training program.

Now we're getting down to see if this program is truly cost effective in the way that it was meant to be. At this point we have had 18 people complete the program. That doesn't sound like a very large number. But when you consider that this program started in February of 1985; that information had to get to the vocational rehabilitation section; that we had to schedule the person schedulefor evaluation; and that we got the person into a training program, which then could result in up to 2 years of training, we are just at this point starting to see the results of that. So we are pleased with the fact that 18 persons actually have completed training.

Even a better statistic that we like at this point is that nine people are working, one in nearby Baltimore, a GS–9 drawing $22,500 a year, is already off the pension rolls. Looking at some of the others in this program, we think the results are going to be excellent if this is the early outcome of this program. We also have 14 veterans right now in employment services. If we are that successful with the rest of the program, your insight and wisdom in creating this program was right on target.

Now, as I switch to the second part of the program, dealing with the IU, those who are receiving individual unemployability based on their service-connected disabilities, again, that had two sections to it. Complying with one, we did an outreach to some 80,000 veterans on individual unemployability. That has been completed. We have done the evaluations of those who were interested. Altogether, we have evaluated 569 veterans receiving individual unemployability.

However, only about 762 of those were from within the pilot program, those whom we are mandated to evaluate and who are mandated to participate in the program if we do find vocational feasibility. Again, like the vocational training program, about one-third of those evaluated were found feasible, but as to those within the pilot program deadlines, that's only like 12 or 13 percent.

Now I will turn back to the vocational training program. There, of the folks who were mandated to get evaluations, we only had some 29 percent who were found feasible. Of those who volunteered to come into the program, we had almost twice as many, nearly 50 percent. So the motivation factor here, of those who want to participate versus those who have to, is something that is coming out in the early data of this program.

Again, under the Individual Unemployability program, our records show right now that 10 veterans have been reduced from the Individual Unemployability rolls and are out working. Our data still needs to be cross checked and all that, but I think it will show a good trend.

In closing, all I would say, Mr. Chairman, is your wisdom and insight on this program I think is right on target. It is compatible with good vocational rehabilitation. I think it will be a cost-effective program. It takes very few veterans to pay for the training costs of this program.

I know Lou Gehrig said in his last game that he was the luckiest man alive, when he was at Yankee Stadium and gave his famous speech. Hopefully I'm not dying, and hopefully this won't be my last time in the veterans' arena, but I really feel I'm the luckiest person alive to be able to work with this program. Because we're not only putting out a cost-effective program, but one that is returning dignity to veterans who have served on the battlefield, veterans whom we are now able to serve so they can serve themselves, and hold their heads high with dignity, as they did when they were soldiers and sailors, and become taxpaying citizens.

Thank you. I would be glad to take any of your questions.

[The prepared statement of Dennis R. Wyant appears at p. 27.]

Mr. APPLEGATE. Thank you, Dr. Wyant.

Let me ask you this. There has been some concern—and I know it has been expressed by the Disabled American Veterans as one organization—over the relatively small number of veterans who have become employed out of the some 3,200 or so that have been evaluated.

Can you tell me something about that and what kind of a trend do you see in the future? What kind of an outlook do you have on the future success of this program for future employment? You know, just getting down to hard facts, is it going to work, or have we made a mistake? I don't think that we have and I think it's a good program that is in place. But I would like to hear what you have to say about that.

Dr. WYANT. As we said, training is feasible for about one in three that we interview and evaluate. Looking at the criteria to qualify for pension under the vocational training program—that's the numbers we're talking about—you do have to have some pretty catastrophic disabilities. Most of these individuals had two or more disabilities. One-third lacked high school diplomas. So we knew we weren't promising anyone a "rose garden". But I am extremely pleased with the one-third.

If we took those numbers out just over the pilot program, and let's say we evaluate around 9,000 people during this program, and we find training for 3,000 feasible, and if 1,000 become employed—or even if it's 500—the program has been extremely cost effective

and there's 500 individuals that would not only be off the pension roll but they would be off health care benefits within 3 years and they would be taxpaying citizens.

Mr. APPLEGATE. I can agree with that.

Explain to me how you feel that it would be cost effective from that standpoint?

Dr. WYANT. Well, so far, with the 245 that we've had in training, our training cost has been about $176,000. That has averaged about $750 per participant. The most that we have spent on any one participant in the program is $3,500.

I mentioned in the summary that we have nine veterans working right now. The average pension payment is about $400 a month. If those veterans were receiving $400 a month pension, in a year's time you would have $5,000 basically, or $45,000 for those nine veterans. In 10 years—that's $450,000—that would more than pay for the training costs of everyone going through the pilot program. That's not even taking into consideration hospitalization, not considering what they will pay back to this Nation as a taxpayer.

Mr. APPLEGATE. Okay. I understand that, and I think that's good.

What do you think can be done to make the program better? How can it be improved? What do we need to do to improve on it, if we need to do anything?

Dr. WYANT. It's a good program, as we can see and as has been stated in your statements and all that. It's in the early phase right now. To come right out and give definitive proposals without working this through the Administration, I would be hesitant to do that.

Personally, in my opinion, and from looking at the results of this study, those who are motivated to participate in the program, an almost two-to-one ratio of those who want to participate—and, as you know, the ones before February 1 of 1985 on the pension side can ask to be in this program—their rate of being feasible is so much greater than that, so that is one area to look at.

We have with us today two of our chiefs who are in the field, Rich Franco from Newark, NJ and Ray Ortega from Little Rock. Just yesterday, when I asked Rich Franco what would improve this program, he said that he has had to turn away 27 blinded veterans who were on the pension program before 2-1-85 who he felt had good vocational potential. So we may want to look at that period before 2-1-85, to look at the feasibility of allowing those persons to apply.

I would just mention, of the 658,000 people on the pension rolls, 24,500 is the only number that is 50 and under. So if you look at that category, there is still a good number of young veterans out there who would like to get back into the world of work.

Mr. APPLEGATE. Those are interesting figures.

So you do not think there has been an adverse impact on the implementation of the program because, let's say, of the inability of the VA to get out the regulations?

Dr. WYANT. Well, the proposed regulations are still not out in final. They have been written. We have issued instructions based on the proposed regulations to our folks in the field, and during the first year we did go through a learning process. As a matter of fact, during the second year of the program, we evaluated over twice as many veterans as we did the first year. It was a learning process.

Mr. APPLEGATE. So when do you think you will have the regulations ready to submit to OBM?

Dr. WYANT. Oh, they were submitted over a year ago, in April, to OMB, the proposed regulations.

Mr. APPLEGATE. When do you think we can expect the final regs, then?

Dr. WYANT. We are working with OMB on that. We are in contact with them, and we're certainly pushing from our end.

Mr. APPLEGATE. Okay.

Mr. MCEWEN. Will the gentleman yield on that?

Mr. APPLEGATE. Yes.

Mr. MCEWEN. Dr. Wyant, do you feel that you're getting the proper attention from them?

Dr. WYANT. Actually, I haven't been directly involved in that, and that is one of the areas, when I get back, that I'll check into.

Mr. MCEWEN. Okay. I don't want to push you into a tight position, but I just want you to know that we're willing to help you on that. I would not hesitate to get us involved, if you would like.

Thank you, Mr. Chairman.

Mr. APPLEGATE. Thank you very much, Dr. Wyant.

Mr. Dowdy?

Mr. DOWDY. Thank you very much, Doug.

Dr. Wyant, under existing law, there are no more than 2,500 evaluations permitted during a program year. In your opinion, should the committee consider specific legislation to increase this cap, or remove it altogether? It seems to me, to allow the continuation of the cap would permit us to go into a situation similar to that we have experienced with the Veterans' Job Training Act, where the program is geared up and then it shuts down and it starts and stops and goes in spurts.

What are your thoughts on legislation to increase or eliminate the cap of 2,500 evaluations?

Dr. WYANT. As you see from our testimony, by November of this year we will hit our 2,500 evaluation ceiling and then we will not be able to start again until February 1 of next year. Then, probably with that backlog, it would be somewhere around June, the final year of the program.

I see your point on the start and stop. That is never good for any program. As we said in our testimony, also, the best candidates are the ones who want to be candidates. It gives you an opportunity to look at those best candidates in a timely fashion. That certainly is an area that should be considered.

Mr. DOWDY. That's all I have, Mr. Chairman.

Mr. APPLEGATE. If I might just follow up on a question that Chairman Dowdy raised, if we remove or adjust the cap so that you can continue your evaluations through the program year, do you think your people will be able to handle that? Will you be able to handle the load?

Dr. WYANT. We have been able to handle the load so far. Now, when I say that, by the same token I would have to say there has been some slippage in the timeliness with which we get to these individuals. I don't know that I would compare it with the person on the battlefield who has a full stomach and plenty of water and had rest being a better fighter than if he hasn't, but they would

continue to fight to help those vets out there. I think our folks would continue to put in that extra mile to work with the vets. But we are stretched and actually are serving about as many vets as we can at this point.

Mr. APPLEGATE. So you would be able to do it without too much difficulty?

Dr. WYANT. We would do it.

Mr. APPLEGATE. Mr. McEwen.

Mr. MCEWEN. Thank you, Mr. Chairman.

A particular question that some of us have is about expanding the health care eligibility beyond the 3-year limitation to make it more attractive to potential employers.

Has that been raised at all and do you have any comments on that?

Dr. WYANT. That has not been a reason given in the early first 2-year evaluation for not continuing or going into the program. I know that when the 3-year rule was established it was because some insurance companies have a 1-year, 2-year, or 3-year policy for preexisting conditions—actually, 2 years is the one I'm the most familiar with. Hopefully, many of these individuals then would be covered by a group health plan or through their employer. But that hasn't come through as a reason for anybody not participating in the program.

Mr. MCEWEN. Will the VA be able to meet the desired program evaluation rate for this year and next, and does the lack of OMB regulations make that more difficult for you to do or not?

Dr. WYANT. As a matter of fact, our evaluations will be there before the program year is over. We are operating with interim instructions in the field, and we're operating with them just as if we had regulations out there.

Mr. MCEWEN. Dr. Wyant, I want to thank you very much for your tesitmony. I know it is customary to do, but I really sense your commitment to this and your sense of optimism is encouraging to me. I thank you for coming today.

Thank you, Mr. Chairman.

Dr. WYANT. Thank you.

Mr. APPLEGATE. Thank you, Mr. McEwen.

Mr. Smith.

Mr. SMITH of New Jersey. Thank you, Mr. Chairman.

Dr. Wyant, I want to welcome you to the committee. You indicated in the beginning that two subcommittees might be a little more difficult. I think the questions have been very friendly, due in no small measure to the fact that you have a black belt, so the committee is acting in its own interest.

[Laughter.]

Have the various administrative start-up problems you faced in the first year of the program been addressed?

Dr. WYANT. Yes, sir. Those problems actually were no more insurmountable than ones in other pilot programs that I've worked with in two or three different agencies. They are just data processing issues, administrative data-collecting issues, that just takes a little bit of time getting the new program started.

Mr. SMITH of New Jersey. Is it too early, in your estimation, to consider expanding the program's availability?

Dr. WYANT. I would think that that would be a question that you would have to look inside the administration. I am very pleased with the early progress of this program.

Mr. SMITH of New Jersey. In reading the DAV's testimony, they do have some criticisms. One of them is the apparent lack of staff.

How do you respond to that? Do you have enough staff to cover your needs?

Dr. WYANT. Well, you know, asking a program director that kind of question, I could get myself in trouble real quick.

We are evaluating every service-connected and nonservice-connected veteran who comes into our program. We would like to be able to do it in a more timely fashion.

I've also read the DAV's testimony; and as a matter of fact, I hold Ron Drach in high esteem. If I have a question on employment and disabled veterans, he is one of the first people that I would go to on this. However, I think another point of view from his testimony is that I really think right now we might have fewer staff members if it weren't for this pilot program.

We have used that each year when we go to our budget folks and go to my boss, and when we go to the Administrator and to the Office of Management and Budget, your committee, the Appropriation committees, to show that these pilot programs will take staffing. So where the DVB, the Department of Veterans Benefits, over the last five or 6 years has lost about one in three employees, our program has only lost like one in ten employees. So I guess we have lost less in comparison, and I think this program is one of the major reasons for that.

Mr. SMITH of New Jersey. Mr. Chairman, I want to thank you, and thank you, Dr. Wyant, and your staff for being here today.

I would ask unanimous consent that a statement by the gentleman from Florida, Mr. Bilirakis, be included in the record.

Mr. APPLEGATE. Without objection, it shall.

[The prepared statement of Hon. Michael Bilirakis appears at p. 39.]

Mr. APPLEGATE. Mr. Jontz.

Mr. JONTZ. Thank you, Mr. Chairman.

Dr. Wyant, to follow up just briefly on the questions from the gentleman from New Jersey, the testimony from the DAV cites some specific figures in terms of slippage that you made reference to. According to their testimony, the average applicant wait time for the first appointment in 1984 was 27 days; as of June 1, 1987, it has increased to 91 days.

Do you think this delay in the initial appointment has any dampening effect on the success of the program or the attitude of the veteran?

Dr. WYANT. The first number, the 27 days, that was on a data base that I don't have much faith in. You know, you can always blame it on anything before you were there. I came during that year and I changed our—I think we now have a more reliable data base. Just within the last year we have stretched that 20 days or so.

It is not consistent with good rehabilitation policy, to a person who is ready to participate in a rehab program, to make them wait for a number of days. By the same token, you have to try to use

your staff as efficiently as you can. Right now we have tried to streamline in the field, taking away reports that are not needed, trying to do away with administrative type activities that are not related to service to veterans, so that we can devote more time to the vet.

Granted, we would like to close that time between the date of application and the first appointment. It is too excessive, in my opinion.

Mr. JONTZ. In your judgment, as a professional in the rehabilitation field, what should the time before the first appointment be in order to provide the service to the veteran?

Dr. WYANT. I would think within a month or so would be good rehabilitation policy.

Mr. JONTZ. What sort of additions to staff would be necessary to be able to get the initial appointment taken care of in a month?

Dr. WYANT. That is information that I don't have right off the top of my head. There also may be some other things that we can do. One of them I'm exploring right now, particularly with the vocational training program for pensioners, is having more cooperative agreements with the State vocational rehabilitation departments.

I was just talking with the Commissioner's office down in Mr. Dowdy's district. We just got the Department of Vocational Rehabilitation there in Jackson to do the evaluation for one of our veterans in this vocational rehabilitation program. Now we're going to pay the cost out at Hinds Junior College to do that. So I think maybe we can help in some of these areas by doing some cooperative agreements, and I am also looking at ways that we can contract out perhaps for initial parts of these evaluations.

Mr. JONTZ. Let me ask a second question, if I might.

In your view, have these new programs had any negative effect on delivery to service-connected veterans pursuing training under Chapter 31?

Dr. WYANT. The answer to that is yes and no. Yes, it has. To be honest, I would have to say it has caused some delays in the evaluation process, the amount of time that can be given in supervison and employment services.

On the other hand, we probably have a greater diversity out there because we have been able to maintain staff and keep outbased locations where we don't have regional offices, which puts both service-connected and nonservice-connected veterans in closer proximity to the person.

Quite frankly, both these two pilot programs are working with very severely disabled veterans and are real challenges to our staff out there. I really think they become better rehabilitation counselors as a result of working with these severely disabled veterans.

Mr. JONTZ. I appreciate hearing of your evaluation so far as the positive effects are concerned, but what would you recommend be done so that there are no negative effects?

Dr. WYANT. Well, this pilot program, in evaluatiing the data that we have coming in, to make sure that we get our final report to you on time so that you have it and can decide whether to continue or extend the pilot program in the future. That is the main area,

and for us to continue to try to find ways to assist the staff in meeting their obligations out there in serving veterans.

Mr. JONTZ. Thank you very much.

Mr. APPLEGATE. Mr. Penny.

Mr. PENNY. Dr. Wyant, I would like you to elaborate a little more about the veterans who were found feasible but decided not to pursue the training program. You indicated many of them cited health problems as the reason they didn't want to plug into the program.

What is your feeling about that population group? Certainly, they have that right in a voluntary program to opt out of participation. But you apparently made the assessment that participation would be valuable to them and may end up with the possibility for employment at the tail end if they were to participate. Can you talk a little more about how you came to that conclusion and how comfortable you are with the prospect of two-thirds of the people opting out, even though they're feasible for training and employment?

Dr. WYANT. Well, there are some dificult issues here. There are some very severe disabilities. As a matter of fact, we have had eight or ten folks for whom we found the program feasible who have died during the program. So there are some folks with very severe disabilities.

But of that the total group, a third we did find feasible—which I think is fairly consistent, and we found this with both of these pilot programs. These are the ones who would have vocational training and employment potential. So I am pretty well satisfied with that number.

Now, of those who decide to participate, the ones over 50, who didn't have to take part in the process and all of that, were probably more motivated and helpful in even coming up with ideas themselves of how their training could be feasible and what they could do. I think some of the other individuals—and this is pure speculation on my part—might have had some fear of whether what they said was going to affect this pension that they just got. I think there are some financial disincentives involved when a person does go to work, beyond the health care aspect. You know, the transportation in getting to work, the type of entry level of employment, what happens if they fail on the job. As you know, the world of work is very complicated.

Mr. PENNY. What do you tell them if they fail in the job? Do you tell them they can easily plug back into the pension program? Is there that kind of security?

Dr. WYANT. Yes, there is, provided the veteran can meet the requirements for receiving pension benefits again.

Mr. PENNY. Given the fact that moving these folks into the workplace saves us a significant amount in pension costs, is there really any budgetary reason that we can't keep those medical benefits in place beyond the 3-year time frame?

Dr. WYANT. That would be the decision of Congress.

Mr. PENNY. We're saving money in other areas, and clearly we would have to continue to pay both pension and medical care if we didn't have this program.

Dr. WYANT. I don't personally have an opinion on that. I know that most organizations today, unless a person is self-employed, do have some kind of a health care package. So that would be one avenue. But whatever way Congress feels on that one, we're ready to implement it.

Mr. PENNY. You know, I'm not sure how this shakes out. You're right, that most employment situations would offer a health care package. But if we are talking about veterans that do have significant health problems, it may provide them again some security to know that they've got the VA standing behind them in that regard. Evidently it hasn't caused discouragement for people participating in the program, to know that it only extends for 3 years, but it just occurred to me as a point that we're going to spend that money one way or the other and it might not hurt to extend that elibibility, to make it clear that there would be adequate protection on into the future for any health needs.

I don't have any further questions. I guess we're so early into it that you've only got 18 people or so that have finalized their training program and half of them are in the work force. But clearly, if we move any number of these folks into the work force, I think it's a value to them and it is good public policy. I appreciate the enthusiasm you seem to demonstrate for the program.

Dr. WYANT. Thank you.

Mr. APPLEGATE. Thank you, Mr. Penny.

Mr. Lane Evans of Illinois.

Mr. EVANS. I have no questions, Mr. Chairman.

Mr. APPLEGATE. Let me just ask you one more. The program is limited to those who became pensioners since the implementation of the program. What would your personal feelings be about expanding this program to go back and pick up some other relatively new pensioners? How feasible would that be?

Dr. WYANT. Well, as I said earlier, Mr. Chairman, since you did ask my personal opinion, I really believe that the most productive type individual we get in the program is the one who wants to be in it, versus one who has to participate. The best analogy I can think of is, probably some of you have had experience in trying to get a son or daughter to take piano lessons or be in the church choir when they don't want to be. You just don't have as good a success as with the person who wants to be.

There are large numbers—as I mentioned, there are 25,000 under age 50 on the pension rolls, and there's 110,000 between 50 and 60 years old on the pension rolls. Many of those individuals have come in and asked to be a part of the program. They're the ones, from what we see in the early part of the program, who will have the best success and cause us to have a cost productive program. They will be able to regain dignity as taxpaying citizens and become contributing members of their community.

Mr. APPLEGATE. You feel then we could go back and pick up some of those people who really want to get in and participate in the program, who really want to get off of the rolls and be employed?

Dr. WYANT. Those are always the best rehabilitation candidates.

Mr. APPLEGATE. Would you have any kind of a time period that you think we might even look at as a consideration of where we

might go back and pick anybody up, maybe 2, 3, 5 years, anything like that?

Dr. WYANT. I would think the younger veterans that were disabled 10 years ago, versus someone who's maybe 73 that was disabled last year, would be the thing. So perhaps age, as you have done with the pilot program, might be the right criteria for extending it back. Maybe those under 50 at any time could apply, or those under age 60, or those from the Korean conflict and Vietnam era would be able to apply.

Mr. APPLEGATE. The further back we go, the less available, just because of the numbers, I suppose.

Dr. WYANT. That's somewhat correct, sir. But there are some young people out there in their early thirties and forties that have been disabled now for a period of time that may be ready. At first the idea didn't seem so bad, but each year that they're on that pension, the room keeps getting smaller and smaller and smaller. There is a time when they may be ready to jump out and come back into society.

Mr. APPLEGATE. Of course, we would pick up a lot of Vietnam veterans, but we then would also start to pick up some of the Korean veterans. So that's interesting and is something that I think we ought to take a look at.

Does anybody else have any questions?

Mr. MCEWEN. Mr. Chairman, I would like to ask that we insert into the record at this point the information that the Veterans' Administration has provided to us concerning Individual Unemployability Program statistics. I think this would be very helpful for us to refer to in another 6 or 8 months, so I would like to have it inserted in the record at this point.

Mr. APPLEGATE. Without objection, that will be inserted into the record.

[The information appears at p. 40.]

Mr. APPLEGATE. Dr. Wyant, thank you very much, you and your cohorts, who didn't get a chance to say much. But I guess the questions were relatively easy. We thank you for appearing before the committee.

Dr. WYANT. Thank you. It was a pleasure to appear before both subcommittees.

Mr. APPLEGATE. The first panel that we will have now will consist of Mr. Gordon Thorson, Special Assistant, National Legislative Service, Veterans of Foreign Wars, and Mr. Ronald Drach, National Employment Director, Disabled American Veterans.

Gentlemen, welcome to the subcommittees. We are pleased to have you here and to hear what you have to say. However, we do have your written statements and, without objection, yours and all others will be inserted into the record. You may proceed as you wish.

Mr. Thorson, you look like you're all ready.

STATEMENTS OF GORDON R. THORSON, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; AND RONALD W. DRACH, NATIONAL EMPLOYMENT DIRECTOR, DISABLED AMERICAN VETERANS

STATEMENT OF GORDON R. THORSON

Mr. THORSON. Mr. Chairman and members of the subcommittees, the Veterans of Foreign Wars welcomes this opportunity to appear and represent the opinion of our proud organization. The VFW appears here today as an advocate for all veterans who have honorably served this Nation, veterans who were disabled as a result of their military service, and veterans who have become disabled since military service.

The House Veterans' Affairs Committee recognized the need for a specialized program to help rehabilitate veterans considered unemployable and, as a result of your concern, Public Law 98–543 became a reality. The Veterans' Administration's Vocational Rehabilitation Service, under the able direction of Dennis Wyant, prepared and developed the temporary pilot programs and managed to implement both programs on schedule.

Although the programs had a slow start, momentum is building and it is reported that program evaluations this year could exceed the original limit set by Congress—2,500.

Have the programs been successful? It may be too early to tell. But how do we gauge success? If success is incumbent on quickly returning large numbers of seriously disabled, incapacitated veterans to the employment rolls, then this program has yet to be successful. However, if success is attained by offering hope for future employment, and an opportunity to achieve that goal, then this program shows promise and is successful.

The majority of the current program participants are still in the early to middle phase of their training. Thus, no definite conclusions can be made about their future potential for success. But, based on the recent favorable report offered by the Veterans' Administration, it is not too early to start thinking about, number one, amending the current law to allow the VA to exceed the 2,500 person program year evaluation limitation; number two, possible extension beyond the current January, 1989 ending date.

Suggestion number three, allowing all interested, nonservice-connected pension recipients the opportunity to participate. Suggestion number four, allowing program participants continuing VA health care eligibility. Suggestion five, affording nonservice-connected pension participants a trial work period wherein their pension benefits would be easily restored if their disability interferes with the ability to perform in the work force.

I believe you have all been furnished a copy of our more detailed written statement, and we ask that our complete testimony be made a part of the permanent record.

Thank you.

[The prepared statement of Gordon R. Thorson appears at p. 47.]

Mr. APPLEGATE. Thank you.

Mr. Drach.

STATEMENT OF RONALD W. DRACH

Mr. DRACH. Thank you very much, Mr. Chairman. It is, indeed, a pleasure to be here today before the two subcommittees to discuss our views on the implementation of this pilot program.

As has been indicated, all nonservice-connected disabled veterans who are judged eligible for pension on or after February 1, 1985 must be evaluated for vocational rehabilitation services. This also includes those who had previously been determined eligible but subsequently lost entitlement.

I have been told—and I think some of the data mentioned today bears this out—that some of these people are too disabled and perhaps should not have been evaluated to begin with. Maybe we need to look at that.

I have to also qualify something in my statement. I am using some data that is a little bit different than Dr. Wyant used, only because the data that I got was run only through January 31 of 1987 and his data is a little bit more current.

The law allows for 2,500 people to be evaluated per year, maximum, and they evaluated 3,402, so they have fallen short in the 2-year period of the maximum of 5,000. So whether or not you want to increase that limit, I'm not really sure. I'm not sure what it would accomplish.

Of the 3,402 people evaluated, only 1,018 or 29.9 percent were determined feasible. Now, Dr. Wyant seemed very pleased with this 33 percent return. I think it comes down to, you know, is the glass half empty or is it half full. If I were getting a 33 percent return on my investment, I would be very pleased. But if I was getting interest on oly 33 percent of my investment, I would not be too happy.

By contrast—and this is an interesting set of data, I believe—of the veterans who are age 50 and over, there were 330 evaluated and 162 were found feasible; whereas only one-third of the younger veterans were found feasible, almost half of the older veterans were found feasible. Of those found feasible, the younger veterans, about one-third opted to take services, and of the ones over age 50, about 54 percent opted to take services. So there is something there that is not answered in the data as to why there's a higher percentage of the older penioners willing to participate than there are in the younger category. I think the committees may want to look into that further to try to determine what that's all about.

Mr. MCEWEN. Mr. Drach, would you allow me to just pose a question on that point?

Mr. DRACH. Certainly.

Mr. MCEWEN. As I understand it, those over age 50 have to volunteer. Does that have anything to do with the increased—

Mr. DRACH. Well, what I'm looking at is the number that were evaluated and the number that were found feasible. Of those evaluated, 49 percent were found feasible. Whether or not it's voluntary is somewhat irrelevant. You know, there was a certain number that were found feasible—

Mr. MCEWEN. You don't think the universe would automatically be more receptive by the—

Mr. DRACH. I don't know. It's a possibility. I think that's something that needs to be looked at, why that age group tends to participate more.

Mr. MCEWEN. I didn't mean to interrupt. I'm sorry.

Mr. DRACH. Of the 1,018 under age 50 who were found feasible, seven became employed. Dr. Wyant indicated that that's up to nine now. But that represents seven-tenths of one percent of the total who were found feasible. Of the 162 who are over age 50, two, or 1.2 percent, have ultimately received jobs.

As you know, the vocational rehabilitation program has expanded significantly in the last couple of years. Public Law 96–466, in 1980, added a requirement that the vocational rehabilitation services include employment services. This, in and of itself, was a very labor-intensive effort. In 1984, to be effective February of 1985, the program we're talking about today was added.

Now, as has already been mentioned, since 1980 we have seen a decrease in staff from 665 FTE in fiscal year 1981 to 580 in fiscal year 1986. The administration's 1988 budget proposal calls for 564. Now, the House Veterans' Affairs Committee has added 16 additional FTEs back to that budget request, which brings it back up to 580. But that still represents a decrease of 101 FTEs since fiscal year 1981.

Dry Wyant also mentioned that perhaps his service would have suffered a worse loss in personnel had the pension program not come into being. I would then ask, of the personnel that are on board in the vocational rehabilitation staff, how many are dedicated to the pension program, and then evaluate whether or not we're worse off or better off. I'm not really sure. But we need to know how many FTEs are dedicated to the pension program.

It has also been mentioned that the average applicant wait time for the first appointment in September of 1984 was 27 days—and I'll accept Dr. Wyant's reasoning for that number. But it obviously has gotten a lot worse since 1984. It is now up to 91 days. I have to ask the question, what is the wait time for the nonservice-connected pension program recipients. Are they waiting that long?

It was also mentioned was it better to get these people in early. I think its a "given" in the field of rehabilitation that the sooner you get to these clients the better off they're going to be. Dr. Wyant, who is a certified rehab counselor, indicated that about a month would be an ideal time. I'm not sure whether he's talking about a month from application or a month from injury. Those that I have talked to in the rehabilitation field say the sooner after injury the better. The longer you wait, the harder it's going to be to rehabilitate someone. There is nothing we can do, obviously, about the people who have been on the rolls because it is a relatively new program, but even just given Dr. Wyant's comment about 1 month, we see service-connected disabled veterans waiting 3 months just for the first appointment.

I see my time is up. I will be happy to answer any questions.

[The prepared statement of Ronald W. Drach appears at p. 50.]

Mr. APPLEGATE. Thank you very much, Mr. Drach. We always appreciate the veterans organization's views on anythng we have. Of course, as you know, we are here holding oversight and wanting to find out just how the programs are working. I think it's impor-

tant that we hold these kinds of hearings, and probably should hold some more on other new programs.

Let me ask you this. I see that the DAV does not, of course, have a great deal of enthusiasm, and you didn't from the outset, for the training of young pensioners. Your statement takes note that there was 1,018 of the young pensioners that were found feasible and only seven became employed.

While this may be correct, it is not a fair conclusion. Remember, the law was enacted in February of 1985 and it took about a year for the Veterans' Administration to gear up and actually commence contacting the potential applicants. After about a year-and-a-half, there are over 300 veterans that are in training. As you say, seven have found employment. But I find it significant that this was an accomplishment through employment services without entering a VA training program. There are very few of these veterans who are at the stage of being ready for employment; therefore, it is not surprising that many of them have been unemployed up until this time. A far greater number are in training and, of course, they have up to 24 months in order to complete that. So I hardly think it's fair to make such a negative assessment until we know what happens to the 300 who are now in training, after they finish and start looking for jobs, to really give a proper analysis. That will be, of course, the key to the value of the effort.

As we said when we enacted the legislation, it doesn't matter whether we rehabilitate ten or 10,000 young veterans; each one who makes the grade will repay the Government many times over by becoming a self-sufficient, employed individual and not be reliant on Government subsidies. I think that is what most of the veterans would like to have. Of course, if they cannot, the Government is going to be there. I would be the first one there to protect that.

I sort of have the idea, as I asked the question of Dr. Wyant, that perhaps maybe we should be a little more positive on it and give it a chance to work, and then, if we find after a proper assessment that it does work, that maybe we go back and pick up some others who we can then try to help to become employed and self-sufficient. I think we should give it a chance.

Obviously, there are a lot of questions involved in any new program, such as if you go out and buy a car or get married, there is no Utopia out there. Of course, there isn't with this program or any other that I have ever been involved with or have ever seen. I do respect the Disabled American Veterans' views and appreciate what it is you're saying. But I think we have to give it a chance and really fully implement it. If it doesn't work, if it isn't cost effective, if it doesn't help enough people, then maybe we can take another look at it. Or, if we think it is a program of importance and significance in the long run, then we can sit down with the DAV and the others and say, "Look, we have problems with it. Let's find a way to really make it run a lot smoother, to where we can help as many veterans as we possibly can." I think that's what our direction ought to be.

Mr. DRACH. Could I comment on that, Mr. Chairman?

Mr. APPLEGATE. You sure can.

Mr. DRACH. I certainly don't disagree with what you're saying. Again, we have to look at my evaluation as being based on the 2-year data, which is the only data I had available. Therefore, the numbers show that.

But it raises some interesting questions, such as how long is the average length of training that these people are being put into? These are questions I hope you would ask Dr. Wyant to address in the report that is due next year.

Mr. APPLEGATE. We'll do that.

Mr. DRACH. And there are some other questions here in terms of the data that I have that it's not really clear what they're talking about. For example, again talking about under age 50, 15 people had their cases closed after receiving employment services only. I'm not sure what they mean by employment services only. Fifty-one had their cases closed after receipt of employment/training services. So there's 66 people who have received some sort of employment services and I'm not sure exactly what that is. I think that needs to be clarified by Dr. Wyant.

Mr. APPLEGATE. I think that's fair, too, and we will take those questions. I am sure Dr. Wyant will be available to answer questions as we submit those to him, and we will ask him those questions.

Mr. Dowdy.

Mr. DOWDY. Thank you very much, Mr. Chairman. I want to thank both the witnesses for their testimony.

Let me ask both of you for your reaction to a statement made in the testimony of Dr. Wyant. I will ask Mr. Drach if he would comment first.

Dr. Wyant made a very clear assertion that his rehab counselors will become better, more skilled and effective counselors as a result of working with severely-disabled pensioners under this program. Won't they, because of their becoming more effective, then be better in dealing with Chapter 31 trainees?

Mr. DRACH. I'm not trained as a rehabilitation counselor, so it is going to be difficult to give you an educated answer on that. My feeling is that the first part of the statement would be true, that if you work on a hard case, no matter what it might be, and you win it or you resolve it, the chances are you're going to be a better person for it.

On the other hand, I'm not sure that if they're going to be devoting their time to the nonservice-connected pension program that they're going to have the opportunity to transfer that learning process or those skills over to working with the service-connected. Again, this raises questions. Are staff dedicated to one program or the other, or are they working in both programs? Do you have certain voc rehab specialists who are assigned only to NSC cases and will continue to be so dedicated, or are they going to be cross-trained, if you will, and cross-fertilized, so that they're bringing that experience back into the service-connected program? It raises another question that I don't have an answer to.

Mr. DOWDY. Mr. Thorson?

Mr. THORSON. Mr. Chairman, it is easy for us to agree with what you're saying because it makes sense. It makes sense, that if these voc rehab counselors are exposed to the more severely disabled vet-

eran, this exposure could certainly increase their ability to better handle the service-connected veteran. I agree, sir.

Mr. DOWDY. That's all I have, Mr. Chairman.

Mr. APPLEGATE. Thank you very much, Mr. Chairman.

Well, I guess that's it, gentlemen. Thank you very much, Mr. Drach and Mr. Thorson, for appearing before the committee. We appreciate it.

Mr. DRACH. Thank you.

Mr. APPLEGATE. As panel number two, we have Mr. Paul Egan, Deputy Director, National Legislative Commission, and Phil Wilkerson, Assistant Director, National Veterans Affairs and Rehabilitation Commission, the American Legion, and Mr. Bob Moran, Associate Legislative Director, PVA.

Gentlemen, welcome again.

STATEMENTS OF PAUL S. EGAN, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION, AND PHILIP R. WILKERSON, ASSISTANT DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION; AND BOB MORAN, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

Mr. EGAN Thank you very much, Mr. Chairman. Phil Wilkerson, the Assistant Director of our Veterans Affairs and Rehabilitation Commission, will summarize our statement for us. Each of us is prepared to answer any questions you might have.

STATEMENT OF PHILIP R. WILKERSON

Mr. WILKERSON. The American Legion appreciates the opportunity to comment upon the current pilot programs of vocational training and related services under Public Law 98-543. Mr. Chairman, we also believe it is appropriate for the subcommittees to review at this time the status of each of these programs and assess the results achieved thus far in light of the goal and intent of the legislation.

The program of vocational training for service disabled veterans, while comparable to that provided under Chapter 31, requires that individuals awarded individual unemployability after February 1, 1985 must participate in an evaluation of their vocational potential and, if found feasible, must participate. Otherwise, they face the loss of their additional compensation benefits. Those awarded individual unemployability prior to February 1, 1985 were also afforded entitlement under this program on a voluntary basis.

One of the primary goals of this legislation was to test the extent to which seriously disabled veterans could be assisted through programs of vocational rehabilitation, training, and related employment services to achieve and maintain gainful employment.

One of the main disincentives to entering under Chapter 31 has been the loss of a substantial part of compensation benefits upon obtaining employment. In recognition of this problem, the law provided protection of individual unemployability ratings if they become employed for a period of not less than 12 consecutive months. According to data provided by the Veterans' Administration of individuals required to participate in the program, 76 have

been evaluated, of whom ten were found feasible, and all are still in their programs of individual training or services and none, as yet, have achieved employment. Of those eligibile on a voluntary basis, the VA reports 1,876 requested evaluation, of which 201 were found feasible, and 112 elected to participate in the program. Of those, most are or all are still in training and none have been employed.

We feel at this point in time it is somewhat premature to draw any final conclusions concerning this program and, in particular, since none has had the opportunity to fully utilize the benefits provided under this pilot program, particularly for a period of trial employment.

We do not believe that the total number of participating veterans from both categories should be determined as to whether the beneficial provisions of this program should be continued. We feel that additional experience and data are necessary to fully and fairly consider the ultimate results achieved under this program.

With regard to the pension program participants, the law placed a limit of 2,500 evaluations per year for those currently eligible. We feel that this restriction should be lifted during the period of time remaining for the pilot program in order to afford the maximum number of participants. The program got off to a slow start and we feel there is sufficient time and numbers of veterans interested in this program that should be allowed to participate.

Mr. Chairman, we feel, as with the other programs, since a relatively few have been employed but most are still in the process of their program, that no final conclusions should be drawn at this particular point in time.

In conclusion, we recommend this committee consider re-examining these programs some 12 months hence when a more realistic appraisal of the results achieved by those participating in each of the programs can be made, together with a more realistic cost-benefit assessment.

This concludes our statement, Mr. Chairman.

[The prepared statement of the American Legion appears at p. 52.]

Mr. APPLEGATE. Thank you very much.

Mr. Moran.

STATEMENT OF BOB MORAN

Mr. MORAN. Thank you, Mr. Applegate, Mr. Chairman. I would like to thank both subcommittees for meeting and examining these programs.

Let me say from the outset that we support both programs. They are small programs and they are assisting disabled veterans in hopefully returning to the work force.

I would like to disagree with the DAV's assessment. We're not talking dollars and we're not talking money, as far as investments; we're talking about possibly rebuilding a veteran's life in providing him the opportunity to get back into the work force. A dollar amount, or a half a cup or a full cup, I just don't think it can be measured that way.

Since our testimony has most of the facts and figures in it and will be submitted for the record, I would like to just summarize on the nonservice-connected vocational rehabilitation program. We believe it is a good program. Most everyone will agree that it got off to a slow start. The VA has recognized that they evaluated twice as many in the second year as they did the first year. So I think the numbers are starting to come into the program. The program is showing some success.

As far as cost effectiveness, I would like to just use as an example two veterans, 42 years of age. One opts into the program, is provided pension for 2 or 2½ years at the average of $449 a month, so the total expenditure would be about $5,388 a year. For the 2 years that he's in training, he is drawing this pension, and with the amount that is paid out for his training, you have a total expenditure of about $14,000. In fact, the $14,000 figure is high, with Mr. Wyant's new figures of $750 in training for each veteran.

So we have one veteran who opted into the program, and the total expenditure for 2½ years is $14,000. Hopefully, at the end of that 2½ years, this veteran will go back into the work force, his pension will stop when it reaches dollar for dollar, he will be receiving an income, he will be getting up every morning and going to work, which is very important as far as the disabled, not only for himself but his wife and his family. It makes him proud as an individual.

Hopefully, if his company and his salary would allow, he might pick up private insurance. So you have taken someone who would normally be on the pension rolls and you have put him back into the work force, paying taxes, and hopefully letting him provide himself with civilian health insurance, at the same time removing him from the VA health care system.

The other veteran, age 42, opts not to go into the program. So from the age of 42 to 72, a 30-year life span, the total expenditure for this veteran for his pension alone is $161,000. So if one veteran is successful, you have saved $147,000. And if the eight veterans which we already have are successful, that adds up to $1.2 million. If we take a ten percent success rate on the guys in the program now, we end up with about $3 million. And if we open it up to possibly those eligible, the younger pensioners, and we have a one percent success rate, the potential is $77 million.

Cost effectiveness, I think we can talk about it all day. I think our figures back up what we're saying.

Views for the future, we would like to possibly see the program extended for 4 more years. If we want to see the numbers and we want to examine it to see if it has a budgetary impact, let's extend it for 4 years. Possibly, let's remove the 2,500 evaluations. You have to remember, it's only for the pensioners coming in after February 1 of 1985 who are under the age of 50, so we don't have a massive amount of those coming in. As you know, the pension program was started under the assumption of the older veterans, so we remove the evaluations.

Looking farther down the road as far as the health care eligibility, if the guy doesn't opt into the program, he's in the VA health care system for life anyway as a Category A under the nonservice-

connected pension. So if he doesn't try anything, he's right where he was to begin with.

About opening up the eligibility prior to February 1 of 1985, we have listened to the VA and to the problems in staffing voc rehab specialists. There is a problem there and we understand that. I will say that no service-connected veteran is being denied benefits under Chapter 31, being one of those veterans myself. So no veteran is being denied.

The timeliness in getting to them, I think it can always be improved. We had a hearing not too long ago in DVB where the time on all applications for benefits is being expanded due to budget cuts. But again, just to reiterate, the program is small and I think the bottom line is helping and assisting disabled veterans to get back to the work force, which is what it's all about, and we would like to see the program extended.

Thank you. I would be glad to answer any questions.

[The prepared statement of Bob Moran appears at p. 56.]

Mr. APPLEGATE. Okay. Thanks very much, Bob, Paul and Phil. I appreciate your input on this.

I would like to extend my thanks to the American Legion, the VFW, the PVA, and all the other organizations who have supported it, and the Veterans' Administration who has implemented it and done well, and to the DAV for their input, because it is important that we have input such as that so we can find out what maybe some of the problems are. We will be looking forward to working with the DAV to make any corrections, and a year from now we do intend to come back and have further input, because at that time we will have a full experience and we will be able to see the benefits of the program, or nonbenefits, whatever the case may be.

I want to pay particular thanks to the PVA for their input, and, of course, to Bob Moran, because at the time we implemented the program we worked together a great deal on this and we were able to get the legislation into law. I am hopeful, and I have a lot of faith in the program. I think it's going to work. But it needs time and it needs some corrections, and those corrections will be made. We will have the experience in a year and we will talk about it then.

I think you have pretty much answered the questions about expansion of the program and improvements to the program. I think you both noted that and I appreciate that input.

That is really all I have to say.

Mr. McEwen.

Mr. MCEWEN. Mr. Chairman, when you mentioned reference to expansion of the program, do you mean the increase of the 2,500 limitation that Phil made reference to?

Mr. APPLEGATE. Expansion, extended, and then taking it back prior to February of 1985.

Mr. MCEWEN. I would associate myself with your remarks and express my support for that as well. Thank you, Mr. Chairman.

Mr. APPLEGATE. Thank you.

I want to recognize the cochairman, Mr. Dowdy.

Mr. DOWDY. Thank you very much, Mr. Applegate, and I want to thank the witnesses.

One brief question to Mr. Moran. You made a strong statement during your opening remarks. Has there been any evidence, to your knowledge, to suggest that the Chapter 31 program is being adversely affected in any way by the pilot programs?

Mr. MORAN. I personally do not have knowledge. I have been informed by VA that possibly the time frame for the Chapter 31 is being delayed for a number of days or weeks, whatever it may be. Adverse effect, I think we have talked about the program, the voc rehab specialist, what they're learning from the new pool of veterans coming in.

The bottom line is, maybe Chapter 31s are being delayed for a period of time, but as we have testified and heard in other hearings, throughout the system, with the budget cuts and Gramm-Rudman, the time delay is being felt throughout the system. So to possibly blame it on this particular program, I'm not sure if that would be fair.

Mr. DOWDY. Thank you very much.

Mr. EGAN Mr. Applegate, may I offer a comment on what you said?

Mr. APPLEGATE. Certainly.

Mr. EGAN In suggesting that this program might be appropriately expanded by increasing the 2,500 per year maximum, I think it is important to understand that if you're going to increase the number of people who are going to be evaluated, you have to increase the number of people that work in that program. If that program has failed to achieve the maximum amount of evaluations thus far, then that's evidence enough that there is a shortage of staff.

Mr. APPLEGATE. Thank you, Paul. I think that's a very good point, no question about it. Whether or not we can expand, or ask for an expansion above the 2,500, that would be questionable at the point of whether the VA could handle it or not. Certainly there is a potential of those pensioners under 50 of 5,000 a year that could be involved in that. If they're pressed a little bit now at 2,500, then I guess they would be very pressed in trying to take in the whole 5,000.

Mr. EGAN I am not trying to suggest that the program shouldn't be broadened. I am simply saying, if you do that, then there has to be accompanying staff.

Mr. APPLEGATE. Right. I agree with that. There is going to have to be a way to implement it, and implement it expeditiously and equitably.

Mr. Ridge of Pennsylvania has just arrived. Since he is here, do you have any questions or comments that you would like to make at this time?

Mr. RIDGE. Mr. Chairman, I apologize to both you and the members of the panel for my delay in getting here. I did review the testimony over at my office last night, but I have no questions. Again, my apologies to you, Mr. Chairman, and the distinguished panelists.

Mr. APPLEGATE. Mr. Ridge has been one of our outstanding young people, and a veteran himself, as we appreciate and respect his cooperation and participation on this committee.

To any of the groups here, and to the VA, the DAV, PVA and VFW, we may have some written questions that we want to submit, and some of the members may have some. So the record will remain open for a period of ten days for the purpose of submitting those questions. We will undoubtedly have some that we will submit to you.

I think that's it. Gentlemen, I thank you once again for appearing before the subcommittees. Mr. Dowdy, my cochairman, and I appreciate it. We look forward to coming back and hearing further testimony in about a year from now.

Thank you very much.

[Whereupon, at 10:25 a.m., the subcommittees were adjourned.]

APPENDIX

STATEMENT OF DR. DENNIS R. WYANT

DIRECTOR, VOCATIONAL REHABILITATION AND

EDUCATION SERVICE

DEPARTMENT OF VETERANS BENEFITS

VETERANS ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION

AND INSURANCE, AND SUBCOMMITTEE ON EDUCATION,

TRAINING AND EMPLOYMENT

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

JUNE 24, 1987

Mr. Chairmen and Members of the Subcommittees:

I am pleased to appear before you today to report on the temporary programs of vocational training for certain pensioners and vocational rehabilitation for veterans receiving additional disability compensation because of individual unemployability. Both of these temporary programs were authorized under the provisions of Public Law 98-543, the Veterans' Benefits Improvement Act of 1984. Both programs run from February 1, 1985, through January 31, 1989. My report to you today will provide an overview of the first 2 years of each program; i.e., the period from February 1, 1985, through January 31, 1987. The report includes a description of the initial steps taken to assure that services could be provided by the beginning date of each program, the services furnished, and results to date.

Implementation of the provisions of both temporary programs required an intensive effort on the part of VA staff in view of the short timeframe between enactment and the beginning date of the programs. Achievement of six objectives for both programs was deemed essential to establishing a sound operational basis

for providing services and securing the information needed for the submission of the VA's report on the first 3 years of each program. These objectives were:

1. Preparation of draft regulations.

2. Preparation of extensive operating instructions for VR&C (Vocational Rehabilitation and Counseling) staff incorporating the provisions of the draft regulations and procedures through which these policies would be implemented.

3. Preparation of instructions for other VA elements involved in processing claims for benefits and services or providing such services.

4. Staff training.

5. Development of data collection instruments for the reports required to be submitted to Congress.

6. Issuance of all operating instructions by February 1, 1985.

All of these objectives were achieved, and both programs became operational on February 1, 1985. There have been some changes in instructions since that time, but these have been procedural rather than substantive changes in program policy. The major administrative issue remaining at this point is the finalization of the regulations governing the temporary program for pensioners. The VA has finished drafting regulations to implement this program and submitted them to the Office of Management and Budget for review, as required by Executive Order 12291. Extensive review of all new program regulations is required and this process is proceeding with regard to these proposed regulations.

At this point, I would like to briefly discuss each program, beginning with the temporary program for certain VA pensioners.

Under the temporary program of vocational training for certain pensioners, the VA is authorized to provide up to 2,500 evaluations during each 12-month period between February 1, 1985, and January 31, 1989, to determine in each case whether it is reasonably feasible for the veteran to achieve a vocational goal. Evaluations must be conducted by VA staff with experience in vocational counseling and must include a personal interview with the veteran. Each veteran under 50 who is awarded pension during this period is required to participate in an evaluation unless unable to do so for reasons beyond his or her control. Veterans age 50 or older awarded pension during the program period may request an evaluation. The VA will arrange an evaluation for a veteran who is 50 or more if there is a preliminary finding that the veteran has good employment potential.

All evaluations provided under this temporary program are conducted by counseling psychologists in the Vocational Rehabilitation and Counseling Division. The counseling psychologist furnishes the same type of comprehensive evaluation provided to service-disabled veterans requesting assistance under the chapter 31 vocational rehabilitation program. During the evaluation, each veteran has an opportunity for a full discussion of his or her problems in obtaining and maintaining employment. If there are questions regarding the veteran's feasibility for achieving a vocational goal, the counseling psychologist may utilize additional resources to evaluate or improve the veteran's vocational potential.

The typical pensioner provided an evaluation is a 39-year-old male. He is a high school graduate and has been unemployed for

3 years or more at the time of the evaluation. The veteran has multiple disabilities, but his primary disability is a serious physical condition.

The VA has provided evaluations to 3,732 veterans during the 2-year period from February 1, 1985, through January 31, 1987. Of this number, 3402 evaluations (92 percent) were provided to veterans under age 50. Three hundred and thirty evaluations (8 percent) were furnished to veterans who were 50 years of age or older.

The number of evaluations provided by counseling psychologists increased from 1062 during the first 12 months of the program to 2670 during the second 12-month period. This increase was the result of integration of this program into the ongoing operation of the Vocational Rehabilitation and Counseling Division at each regional office and improvements in procedures for identifying veterans under age 50 awarded pension.

Due to reporting problems, the number of evaluations provided from February 1, 1986, through January 31, 1987, exceeded the 2500 limitation by 170 cases. However, we have reviewed our procedures to assure that the statutory limitation will not be exceeded during the current 12-month period or thereafter. On the basis of current information, this activity will have to be suspended by November of this year if we continue to provide evaluations at the current rate. If evaluations are suspended in November, we would not begin to provide them again until the next 12-month period commencing February 1, 1988.

While the number of veterans provided evaluations increased significantly during the second 12 month-period of the program, we find that the proportion of veterans for whom a program of training and employment is found reasonably feasible has

remained stable over the first 24 months of the program. Of the 3732 veterans provided evaluations, 1180 (32 percent) were found feasible for a vocational training program and 2552 (68 percent) were not found feasible.

We also have noted a difference in feasibility findings for veterans under age 50 and those 50 or more years of age. Approximately 29 percent of veterans who are under 50 are found feasible, compared to 49 percent of veterans who are 50 or more. This difference may correlate to the quite different criteria for providing an evaluation for veterans in each of these groups. In other words, a veteran under age 50 is required to participate in an evaluation unless unable to do so for reasons beyond his or her control. However, a veteran who is 50 or more may participate in an evaluation only upon request and only if the VA makes a preliminary finding that the veteran has good employment potential. A higher proportion of positive findings for veterans 50 and older would seem a logical result of this process of self selection and VA review.

If training and employment are found reasonably feasible following the evaluation, the veteran may elect to pursue a vocational training program, but is not required to do so. When a veteran who has been found feasible for training and employment elects to pursue a vocational training program, the VA and the veteran develop an individualized program to enable him or her to achieve a vocational goal. The services which may be authorized in carrying out the plan are modeled on the services which may be provided under the chapter 31 vocational rehabilitation program for service-disabled veterans. These services and benefits include payment for tuition, fees, and supplies. The VA also provides a wide range of supportive services, including medical care and

treatment; employment services; and individualized assistance by staff of the VR&C Division in carrying out the program. Unlike the chapter 31 program, the VA does not pay program participants a monthly living allowance and the period for which training may be authorized is limited to 24 months rather than 48.

As of January 31, 1987, 387 (33 percent) of the 1180 veterans found feasible for training have elected to pursue a vocational training program, and 793 (67 percent) have elected not to do so. The reason most frequently given by veterans for declining to pursue training is poor health. Two hundred and eighty-three (41 percent) who elected not to pursue training named poor health as the reason for nonparticipation, while others cited poor health as one of a number of reasons for nonparticipation. Nevertheless, VA staff work with each veteran to help him or her understand how certain services, modifications or accommodations of which he or she may not be aware can make pursuit of a program feasible.

The veterans who have elected to pursue training programs have, with the assistance of VA staff, developed individualized programs. These plans generally call for a combination of training and employment services. However, a veteran's program may consist entirely of employment services if this is the only type of assistance needed. Occupational objectives include a variety of jobs ranging from the professional and technical to machine trades and service occupations. More than half of the veterans electing to pursue training are doing so in technical and business schools. Most of the rest are training in college level programs which are vocational in nature. Four veterans are in on-job training. While we explore the use of on-job training, our experience in evaluation indicates that many veterans are not ready to meet the demands of the workplace,

and training through educational facilities offers a sounder approach to achieving employability and employment.

A total of 243 veterans have participated in vocational training programs through January 31, 1987. One hundred and seventy seven veterans were in training as of January 31, 1987. Program data for April 1987 indicates that the number of trainees has increased to 221. This increase continues a steady upward trend in program participation. Most veterans now pursuing training are in the early or middle phases of their training programs. However, 18 veterans have completed training.

When a veteran completes training, he or she moves to the employment services phase of his or her program. Veterans receiving employment services include those veterans who have completed training and veterans who were found qualified for suitable employment at the time of evaluation on the basis of prior training. There were 14 veterans receiving employment services in January 1987, and 9 veterans had been placed in employment during the first 24 months of the program.

Public Law 99-543 added another feature to assist veterans who secure employment while receiving VA pension. Under 38 U.S.C. § 525, a veteran's eligibility for health care benefits is protected for 3 years if his or her pension is terminated because of income from work or training. Pension benefits for one veteran were terminated for this reason from March 1, 1985 through February 28, 1987.

Mr. Chairmen, while it is too early to draw conclusions, some points emerge from our experience in implementing the pilot program for pensioners during the first 24 months of the program.

1. More than twice as many veterans were provided evaluations during the second year of the program than were furnished during the first year.

2. For the current 12-month period, we project that we will reach the statutory limit of 2500 evaluations by November 1987, and we will have to suspend evaluations at that time. Thus, evaluations would not be resumed until the next 12-month period begins on February 1, 1988.

3. Thirty percent of veterans under 50 for whom an evaluation is required are found reasonably feasible for a vocational training program.

4. Twenty-nine percent of veterans under 50 who are feasible for vocational training programs elect to participate in programs designed to enable them to become employable and employed.

5. The coming months should see more of the veterans who elected to pursue training actually complete training and enter the employment assistance phase of their programs. The experience gained during this period should help us to determine the extent to which these veterans will be able to secure and maintain employment in the competitive labor market.

Mr. Chairmen, this completes my testimony on the pilot vocational training program for certain pensioners. I will now discuss the temporary program of trial work periods and vocational rehabilitation for qualified veterans. The term "qualified veteran" means a veteran who has been awarded a rating of total service-connected disability because of individual unemployability. The services and assistance

provided under this temporary program enhance the assistance for which these veterans are normally eligible under the VA's chapter 31 vocational rehabilitation program in four ways:

1. The individual unemployability disability rating of a qualified veteran who begins to engage in a substantially gainful occupation during the program period may not be reduced for that reason unless the veteran maintains employment in the occupation for a period of 12 consecutive months.

2. A qualified veteran is eligible for employment services provided under the chapter 31 vocational rehabilitation program even if he or she would not otherwise be eligible for these services.

3. The VA informed each qualified veteran awarded individual unemployability before February 1, 1985, of the benefits and services provided under the vocational rehabilitation program and under this temporary program by April 15, 1985. Each of these veterans may request assistance under the vocational rehabilitation program, but is not required to do so.

4. A 4-year pilot program is established for veterans awarded an individual unemployability rating on or after February 1, 1985. Under this pilot program, each qualified veteran is required to participate in an evaluation, and to pursue a vocational rehabilitation program if this is found reasonably feasible during the evaluation.

The typical veteran who qualified on or after February 1, 1985, and is required to participate in an evaluation during the program period is a 49 year old male. He has multiple disabilities but the primary disability is a physical condition.

The veteran has a high school education and has been unemployed for 4 to 6 years. Veterans who qualified before February 1, 1985, are younger, but otherwise very similar.

We have provided evaluations to 569 qualified veterans during the program period from February 1, 1985, to January 31, 1987. Of this number, 493 (87 percent) evaluations were provided to veterans who were qualified before February 1, 1985, and 76 (13 percent) were provided to veterans who became qualified after that date. Most of the evaluations provided to veterans who were qualified before February 1, 1985, were the result of the VA's outreach effort to these veterans. In the course of this outreach effort, approximately 80,000 letters were sent to veterans with total disability ratings due to individual unemployability.

Of the 569 veterans provided evaluations, 210 (37 percent) were found feasible for a program of rehabilitation services and 358 (63 percent) were not found feasible. Qualified veterans who requested evaluations were found feasible to a substantially greater extent than those who were required to participate. Two hundred and one (41 percent) of the 493 veterans who qualified before February 1, 1985, were found feasible, while only 9 veterans (12 percent) of the 76 veterans who became qualified on or after that date were found feasible. Finding a higher rate of feasibility for qualified veterans who request, rather than are required, to participate is consistent with findings for the pilot pension program.

Veterans for whom a rehabilitation program is found reasonably feasible must decide whether they wish to pursue a vocational rehabilitation program. However, veterans who qualify due to award of the rating after January 31, 1985, may be subject

to reduction of their total disability rating if they do not pursue a vocational rehabilitation program after a finding of reasonable feasibility for rehabilitation. All nine veterans to whom this requirement applied agreed to pursue a vocational rehabilitation program. Of the 201 veterans for whom participation in a program was voluntary, 121 (58 percent) elected to pursue vocational rehabilitation programs. Veterans who did not pursue a vocational rehabilitation program gave a variety of reasons for their decision, ranging from poor health to election of other programs.

The qualified veterans who entered a vocational rehabilitation program are pursuing a variety of training and employment programs. Most are training in colleges in professional, managerial or technical occupations. Clerical occupations are a strong second choice. Veterans are also electing programs which consist solely of employment services to a greater extent than is true for vocational rehabilitation program participants generally. This option is being used by 13 percent of qualified veterans in the pilot program compared to 6 percent of veterans receiving services under the chapter 31 vocational rehabilitation program.

Almost all veterans receiving training are in the early or middle phases of their programs. Six program participants have completed training and three veterans have been placed in competitive employment.

The disability compensation ratings of veterans who secure employment is protected against reduction because of following a substantially gainful occupation for a period of 12 consecutive months employment. Information from March 1, 1985, through March 1, 1987, indicates that 10 veterans have had total disability ratings terminated because of employment

beyond 12 consecutive months. However, information is not readily available as to whether any of these veterans were in the pilot program.

Mr. Chairmen, based on our experience in administering this temporary program the following points emerge:

1. The majority of evaluations provided were the result of the VA's outreach effort to qualified veterans awarded individual unemployability benefits prior to February 1, 1985.

2. Veterans awarded individual unemployability benefits on or after February 1, 1985, were evaluated as least feasible for vocational rehabilitation of any of the groups in either temporary program.

3. The coming months should provide more definitive information on the extent to which provisions for protection of disability ratings during a period of employment come into play.

Mr. Chairmen, this completes my testimony on these temporary programs. I will be pleased to answer any questions which you or the Subcommittee members may have.

STATEMENT OF THE HONORABLE MICHAEL BILIRAKIS

JUNE 24, 1987

THANK YOU, MESSRS. CHAIRMAN. I AM MOST ANXIOUS TO HEAR FROM OUR WITNESSES TODAY ON THE EFFECTIVENESS OF TWO PILOT PROGRAMS DESIGNED TO PROVIDE VOCATIONAL REHABILITATION TO CERTAIN SERVICE-CONNECTED AND NON-SERVICE CONNECTED DISABLED VETERANS.

THE MISSION OF THIS COMMITTEE--AND ONE WE SHARE WITH THE VETERANS ADMINISTRATION AND THE VETERANS' SERVICE ORGANIZATIONS--IS, TO PUT IT SIMPLY, CARING FOR VETERANS. AND ONE OF THE WAYS WE DO THIS IS BY PROVIDING FINANCIAL ASSISTANCE THROUGH THE COMPENSATION AND PENSION PROGRAMS.

HOWEVER, OUR MISSION OF CARING FOR VETERANS GOES WAY BEYOND TAKING CARE OF THEM FINANCIALLY. WE MUST CARE ABOUT THEM, ABOUT THEIR FUTURES, ABOUT THEIR RIGHT TO A LIFE OF DIGNITY AND PURPOSE.

THE PROGRAMS UNDER REVIEW THIS MORNING ARE A REFLECTION OF THAT PHILOSOPHY. THEY ARE ABOUT WANTING TO GIVE THOSE VETERANS WHO ARE INTERESTED IN BECOMING MORE INDEPENDENT THROUGH VOCATIONAL REHABILITATION A CHANCE TO DO SO. THEY HAVE EARNED THAT RIGHT AS SURELY AS THEY HAVE EARNED MONETARY BENEFITS.

SO, WITHOUT PREJUDGING THE EFFECTIVENESS OF THESE PILOT PROGRAMS, I JUST WANTED TO COMMENT ON THE SCOPE OF OUR RESPONSIBILITY TO DISABLED VETERANS. NOW, LET'S GET DOWN TO THE BUSINESS OF DETERMINING WHETHER THE PROGRAMS WE HAVE INITIATED ARE EFFECTIVELY FULFILLING THAT MISSION.

TABLE 1

INDIVIDUAL UNEMPLOYABILITY PROGRAM STATISTICS

PARTICIPATION RATE

2/1/85 - 01/31/87

	DFEN prior to 2/1/85	DFEN on 2/1/85 or After
NUMBER EVALUATED	493	76
NUMBER FOUND FEASIBLE	201	10
NUMBER ELECTING SERVICES	112	10
NUMBER NOT ELECTING SERVICES		
Elected Another Program	4	0
Added Expenses Too Great	2	0
Health Too Poor	27	1
Inadequate Transportation	0	0
Not Interested	18	0
Other	29	2
More than One Reason	11	0
NUMBER NON-COOPERATIVE	29	NA
NUMBER RECEIVING SERVICES		
Training/Employment	55	3
Employment Only	5	1
NUMBER EVER RECEIVED SERVICES		
Training/Employment	76	4
Employment Only	12	1
NUMBER OF CLOSURES		
After receipt of employment/training services	28	1
After receipt of evaluation services only	403	71
REASON FOR CLOSURE		
Employed	0	0
Entitlement Used, Unemployed	NA	NA
Dropped Out	0	0
Elected Another Program	0	0
Disability Worsened	0	0
Deceased	0	0
Unsatisfactory Conduct	5	0

TABLE 1a

INDIVIDUAL UNEMPLOYABILITY CHARACTERISTICS

2/1/85 - 01/31/87

		OPEN prior to 2/1/85	OPEN on 2/1/85 or After
AGE			
Less than 20 years		2	0
20 to 29 years		133	1
30 to 39 years		113	18
40 to 49 years		142	19
50 to 59 years		84	20
60 to 69 years		19	15
70 and older		0	3
Range: Youngest		18	23
Oldest		68	74
Average Age (MEAN)		39	49
SEX			
Males		484	74
Females		9	2
PRIMARY DIAGNOSTIC RATING			
Blood Disorder	(7700-7714)	1	0
Cardiovascular	(7000-7122)	84	15
Digestive	(7200-7348)	15	0
Endocrine	(7900-7915)	14	10
Genitourinary	(7500-7531)	3	1
Hearing Disorder	(6200-6297)	5	1
Visual Disorder	(6000-6092)	13	0
Musculoskeletal	(5000-5109)	23	3
Respiratory	(6501-6821)	26	2
Spinal Cord Injury	(5110,5200, 5285, 5293,5294, 8010-8012, 8015,8017, 8022-8024)	40	13
Multiple Sclerosis	(8018)	4	1
Neurological	(8000-8914, not 8010, 8011-8012, 8015, 8017-8018, 8022-8024)	83	6
Neuropsychiatric, psychotic	(9200-9210, 9300-9326)	25	7
Neuropsychiatric, non-psychotic	(9400-9411, 9500-9511)	18	4
All Others		139	13

TABLE 1b

INDIVIDUAL UNEMPLOYABILITY CHARACTERISTICS

2/1/85 - 01/31/87

	DPEN prior to 2/1/85	DPEN on 2/1/85 or After
NUMBER OF DIFFERENT DIAGNOSTIC RATINGS		
One Rating	96	13
Two Ratings	92	10
Three Ratings	91	26
Four Ratings or More	213	27
Age 65 or Older, No Rating	NA	0
EDUCATION LEVEL		
Grades 1-8	52	13
Grades 9-11	67	10
High School Diploma or GED	203	31
College	166	22
Average	12	12
UNEMPLOYMENT HISTORY		
1 Year or Less Unemployed	27	10
1-3 Years Unemployed	42	26
4-6 Years Unemployed	75	13
7-10 Years Unemployed	92	6
10 or More Years Unemployed	250	21

TABLE 1c INDIVIDUAL UNEMPLOYABILITY

SERVICES PROVIDED

2/1/85 - 01/31/87

	DPEN prior to 2/1/85	DPEN on 2/1/85 or After
TRAINING ASSISTANCE		
Institution of Higher Learning	45	3
Non-College Degree Program	22	1
On-Job Training	4	0
Homebound	0	0
On-Farm	0	0
Independent Instruction	3	0
Employment Services Only	12	1
SPECIAL SERVICES		
Reader/Tutorial	2	0
Remedial	8	2
Independent Services	0	0
Special Transportation	0	0
Special Tools and Equipment	4	0
More Than One	2	0

TABLE 2 INDIVIDUAL UNEMPLOYABILITY

DETERMINATIONS OF FEASIBILITY OF ACHIEVEMENT OF A VOCATIONAL GOAL

2/1/85 - 01/31/87

* EASTERN REGION *

STATION NAME	STATION #	NUMBER REFERRED	TOTAL EVALUATED	FEASIBLE	NOT FEASIBLE
ATLANTA	16		12	6	6
BALTIMORE	13		4	0	4
BOSTON	01		7	0	7
BUFFALO	07		17	10	7
COLUMBIA	19		3	2	1
HARTFORD	08		3	3	0
HUNTINGTON	15		3	2	1
MANCHESTER	73		9	1	8
NEWARK	09		15	6	9
NEW YORK	06		14	13	1
PHILADELPHIA	10		7	2	5
PITTSBURGH	11		2	1	1
PROVIDENCE	04		2	0	2
ROANOKE	14		12	5	7
SAN JUAN	55		3	0	3
ST. PETERSBURG	17		68	14	54
TOGUS	02		9	5	4
WASHINGTON	72		12	4	8
WHITE RIVER JCT.	05		7	4	3
WILMINGTON	60		0	0	0
WINSTON-SALEM	18		11	2	9
TOTAL			220	80	140

* CENTRAL REGION *

STATION NAME	STATION #	NUMBER REFERRED	TOTAL EVALUATED	FEASIBLE	NOT FEASIBLE
CHICAGO	28		5	3	2
CLEVELAND	25		12	3	9
DES MOINES	33		2	1	1
DETROIT	29		23	15	8
FARGO	37		0	0	0
INDIANAPOLIS	26		11	8	3
JACKSON	23		5	1	4
LINCOLN	34		0	0	0
LITTLE ROCK	50		8	0	8
LOUISVILLE	27		6	4	2
MILWAUKEE	30		14	1	13
MONTGOMERY	22		24	4	20
MUSKOGEE	51		20	11	9
NASHVILLE	20		21	12	9
NEW ORLEANS	21		7	1	6
SIOUX FALLS	38		3	1	2
ST. LOUIS	31		8	2	6
ST. PAUL	35		0	0	0
WICHITA	52		5	3	2
TOTAL			174	70	104

TABLE 2a (INDIVIDUAL UNEMPLOYABILITY)

* WESTERN REGION *

STATION NAME	STATION #	NUMBER REFERRED	TOTAL EVALUATED	FEASIBLE	NOT FEASIBLE
ALBUQUERQUE	40		4	2	2
BOISE	47		0	0	0
CHEYENNE	42		3	1	2
DENVER	39		7	6	1
FT. HARRISON	36		3	1	2
HONOLULU	59		1	0	1
HOUSTON	62		55	22	33
ANCHORAGE	63		0	0	0
LOS ANGELES	44		11	9	2
MANILA	58		1	0	1
PHOENIX	45		13	3	10
PORTLAND	48		13	0	13
RENO	54		1	0	1
SALT LAKE CITY	41		0	0	0
SAN DIEGO	77		2	1	1
SAN FRANCISCO	43		8	5	3
SEATTLE	46		4	4	0
WACO	49		45	7	38
TOTAL			171	61	110
TOTAL ALL REGIONS		0	565	211	354

TABLE 3 INDIVIDUAL UNEMPLOYABILITY

VOCATIONAL GOALS OF VETERANS ELECTING A PROGRAM OF SERVICES

2/1/85 - 01/31/87

DOT CODE	OCCUPATION GROUP	Total of Veterans OPEN prior to 2/1/85	Total of Veterans OPEN ON 2/1/85 or after
0/1	Professional, Technical and Managerial Occupations	54	3
#2	Clerical and Sales Occupations	21	2
#3	Service Occupations	4	0
#4	Agricultural, Fishery, Forestry and Related Occupations	0	1
#5	Processing Occupations	0	0
#6	Machine Trade Occupations	9	0
#7	Benchwork Occupations	6	0
#8	Structural Work Occupations	4	0
#9	Miscellaneous Occupations	1	0
	Deferred Goal	7	2

STATEMENT OF

GORDON R. THORSON, SPECIAL ASSISTANT
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

JOINT HEARING OF THE SUBCOMMITTEES ON
COMPENSATION, PENSION AND INSURANCE
AND
EDUCATION, TRAINING AND EMPLOYMENT
OF THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

THE VETERANS ADMINISTRATION'S IMPLEMENTATION OF THE
TEMPORARY PROGRAMS OF VOCATIONAL TRAINING AUTHORIZED IN
SECTION 363 AND SECTION 524 OF TITLE 38, UNITED STATES CODE

WASHINGTON, D. C. JUNE 24, 1987

MR. CHAIRMEN AND MEMBERS OF THE SUBCOMMITTEES:

It is a pleasure to have this opportunity to appear here today and offer the viewpoint of the Veterans of Foreign Wars. This oversight hearing is scheduled to review the Veterans Administration's implementation of two temporary vocational training programs. These pilot programs target nonservice-connected pensioners under the age of 50 and service-connected veterans rated totally disabled due to individual unemployability (IU). As requested, the VFW will give its views on the various aspects of both programs, our impression of the impact generated and recommendations as to the future needs of each program. But first let's take a look at why these programs were put into place and what was Congress' intended result.

During the second session of the 98th Congress, the House Veterans' Affairs Committee (HVAC) held a subcommittee hearing to receive testimony on a bill (H.R. 5442) that would allow certain nonservice-connected pensioners the opportunity to receive vocational rehabilitation training. The bill was intended to provide a new concept in rehabilitation of nonservice-connected pensioners under age 50 and was described as "both noble in concept and novel in approach." The program would hopefully return a number of pensioners to the employment rolls thus reducing the overall VA pension program expenditure. Though the HVAC appeared very optimistic about this pilot program, the VFW and other major veteran's organizations voiced numerous concerns and hesitated to recommend passage. However, after listening to the input from the various veteran's service organizations, certain improvements were made to the bill and it eventually became part of Public Law 98-543. The Senate managed to expand the bill by adding an amendment designed to allow a similar pilot program for service-connected veterans rated as totally disabled by reason of individual unemployability. Thus, P.L. 98-543 became a reality and the Veterans Administration was charged with the responsibility of implementing the two pilot programs. Both pilot programs were started on or about February 1, 1985, and are currently authorized through January 31, 1989. Have these programs had the desired effect and should they be continued beyond their current expiration date?

Statistics provided by the Veterans Administration indicate that during the first two years of implementation, 3,402 nonservice-connected pension recipients under age 50 and 569 IU compensation recipients have been evaluated. The results are encouraging as approximately one-third of the participants were found feasible for vocational rehabilitation and one-third of that number elected to participate. Additional VA statistics indicate that:

1. the average age is 39;
2. the overwhelming majority are male veterans;
3. that cardiovascular, neuropsychiatric, neurological and

spinal cord injuries are the most often listed primary disability;
4. over 70% of participants have a high school diploma;
5. the vast majority have been unemployed well over one year; and
6. many of the participants require special services such as remedial help or special transportation.

The VA has indicated that certain administrative start-up problems limited the number of evaluations during the first year of the program. However, the second program year almost achieved the authorized (2,500) level of evaluations. Projections indicated that the third year will meet and could exceed the desired evaluation rate.

The Veterans of Foreign Wars was initially concerned that veterans would be forced to participate in these pilot programs or face the possibility of losing pension/compensation benefits. The language of the original bill was softened and P.L. 98-543 does not force the veterans to participate but allows them the choice. We now believe that these pilot programs are showing promise and could become a "ray of light" to numerous severely disabled veterans.

There are several reasons why the VFW supports continuation of these programs. The veterans targeted under these programs have already been adjudicated to be so severely disabled that they are deemed unemployable. These men and women have been declared totally incapacitated and, historically, are cast aside with no hope for any future. The VA compensation or pension monies they receive barely support their existence. Too often, money is used to replace compassion. These vocational rehabilitative programs are not designed to just throw money at the disabled but rather to give them hope. The opportunity now exists to allow the severely impaired a chance to again become productive, thus, restoring their individual well-being and self-esteem.

The VFW must compliment this Committee for having the foresight to initiate these pilot programs and the Veterans Administration for implementing this needed benefit. Though the programs have had a slow start, they are now gaining momentum and will soon exceed the established yearly evaluation goals. We realize that these pilot programs are still in their infancy but every indicator suggests a bright and worthwhile future.

Once all the statistics and facts are collected and given careful consideration, we believe that the pilot programs will be extended and perhaps even expanded. The prospect of salvaging veterans lives and giving them hope rising out of despair is a noble undertaking and well within the realm of probability.

The VFW does have some suggestions:

1. We ask that the Committee consider extending the programs beyond January 31, 1989, to allow adequate participation.

2. Consideration should also be given to expanding program availability to all interested nonservice-connected pension recipients or IU compensation recipients to evaluate and assess the feasibility of providing vocational rehabilitation.

3. Section 525 of Title 38, USC, now provides only temporary protection of health-care eligibility for successful program participants. We suggest that participants should be guaranteed permanent health-care eligibility beyond the current three year limitation. This would improve the rehabilitated veterans "hirability" to potential employers and alleviate some veteran's apprehension about returning to gainful employment. Vocational rehabilitation aimed at future gainful employment should eventually become cost effective. The small amount of time and money invested in this special category of veterans will yield long-term gains. The veteran will regain productivity and the VA will save money.

4. Finally, we would like to offer one safeguard that we believe should be made part of the program: compensation benefits under P.L. 98-543 are already protected during the trial work period, we believe an equitable trial work period should also be established to allow an easy and accessible path back to pension benefits both during and after the trail period if disability interferes with the veteran's ability to perform in the work force. This would further ensure program

participation and give the veteran peace of mind.

In summary, the VFW asks that this Committee give careful consideration to extending and expanding these pilot programs. A human life is too valuable to waste--money alone cannot fill the void left by catastrophic disabilities. Opportunity must be made available to allow the impaired veteran a chance to rise above the despair caused by disability and return to a world where hope becomes a guiding force.

STATEMENT OF
RONALD W. DRACH
NATIONAL EMPLOYMENT DIRECTOR
DISABLED AMERICAN VETERANS
AT A
JOINT HEARING
BEFORE THE
SUBCOMMITTEES ON COMPENSATION, PENSION AND INSURANCE
AND EDUCATION, TRAINING AND EMPLOYMENT
OF THE HOUSE VETERANS AFFAIRS COMMITTEE
June 24, 1987

MESSRS. CHAIRMEN AND MEMBERS OF THE SUBCOMMITTEES:

On behalf of the more than one million members of the Disabled American Veterans and its Ladies' Auxiliary, I am pleased to appear before the two Subcommittees to present our views on the VA's implementation of the Vocational Rehabilitation Program for certain pensioners and service-connected disabled veterans rated totally disabled due to individual unemployability.

At the outset, Messrs. Chairmen, we must question the cost-effectiveness of the pensioner program. According to the law, all nonservice-connected disabled veterans who are judged eligible for pension on or after February 1, 1985, must be evaluated for vocational rehabilitation services. This includes those who had previously been determined eligible but subsequently lost entitlement.

It is our opinion that many of these individuals have been on the rolls for a considerable amount of time and are not feasible for vocational rehabilitation services. The data from the pension program bears this out. Of the 3,402 people evaluated only 1,018 (29.9%) were determined feasible. This is less than one in three. By contrast, in the category of those age 50 or older, 330 were evaluated and 162 (49%) were found feasible. Of those found feasible, 299 (29.4%) under age 50 and 88 (54.3%) over age 50 elected to receive services.

Messrs. Chairmen, the ultimate goal of this effort is to provide services that would allow these individuals to obtain gainful employment and thereby be removed from the pension rolls.

Of the 1,018 under age 50 who were found feasible, a mere seven became employed. Of the 162 over age 50, only two ultimately received jobs. Messrs. Chairmen, based on these data, the DAV concludes that this program is not cost-effective.

Messrs. Chairmen, we find it difficult to understand how the Vocational Rehabilitation and Counseling Services can adequately perform their mandates. Public Law 96-466, enacted in 1980, added a requirement that vocational rehabilitation services include employment services. This is a very labor intensive effort. In 1984, (effective February, 1985), a special program of rehabilitation services was added for certain eligible persons receiving pension and those rated 100% service-connected based on individual unemployability (IU).

Since 1980, we observed a decrease in staff from 665 FTEE in Fiscal Year 1981 to 580 in Fiscal Year 1986. The Administration's Fiscal Year 1988 budget proposal calls for 564 FTEE. Notwithstanding the 16 additional FTEE's added to the budget request by the House Veterans Affairs Committee, the Administration proposal, if left standing, would represent a decrease of 101 FTEE's since Fiscal Year 1981.

The average applicant wait time for a first appointment in September, 1984, was 27 days; September, 1985 -- 78 days; September 1986 -- 84 days; and as of June 1, 1987 it had increased to 91 days.

Messrs. Chairmen, besides the increased waiting period for the first appointment and the decrease in personnel, there has been an increase in veterans being served. In our opinion, this places into jeopardy the quality of services these individuals are to receive.

Messrs. Chairmen, the report submitted to the Committee on the Budget by the Veterans Affairs Committee (House Committee Report No. 4, February 25, 1987) sheds further light. The VA's estimate for Fiscal Year 1986 predicted 23,700 disabled veterans would receive rehabilitation services. Those actually served totalled 25,776. A full 2,076 more than estimated.

The case load for Vocational Rehabilitation Specialists (VRS) has increased. In Fiscal Year 1984 it was 142. In Fiscal Year 1986, it had increased to 177. A jump of 35 cases. According to the Committee Report, "reasonable quality services can be provided at a case load level of about 120." Messrs. Chairmen, I found that one counselor is set aside for the Pension and IU programs.

Obviously, if vocational rehabilitation services for disabled veterans are not going to continue to deteriorate, something must be done to correct these obvious deficiencies.

Messrs. Chairmen, I have also reviewed the available data for the Individual Unemployability (IU) Program.

It would appear from the data, without a complete analysis of the program, that the IU program has been less than successful. Since February 1, 1985, there have been 76 individuals evaluated. Ten were found feasible. All elected to be served. Regrettably, <u>none have obtained employment</u>. Prior to February 1, 1985, 493 were evaluated. Of these, 112 elected to receive services. <u>None are employed</u>.

Messrs. Chairmen, I believe the results achieved thus far should raise serious concerns regarding the advisability continuing these two temporary programs beyond their scheduled termination date of January 31, 1989.

That concludes my statement, Messrs. Chairmen, and I will be happy to answer any questions.

Statement of

The American Legion

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

by

PAUL S. EGAN, DEPUTY DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

and

PHILIP R. WILKERSON, ASSISTANT DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION

before the

SUBCOMMITTEE ON COMPENSATION, PENSION & INSURANCE
-and-
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

on

EVALUATION OF SPECIAL VA VOCATIONAL REHABILITATION PROGRAMS

JUNE 24, 1987

STATEMENT OF PHILIP R. WILKERSON, ASSISTANT DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE SUBCOMMITTEES ON COMPENSATION, PENSION AND INSURANCE
AND EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
JUNE 24, 1987

Mr. Chairmen and Members of the Subcommittees:

The American Legion appreciates this opportunity to comment upon the ongoing pilot programs of vocational training and related services under Public Law 98-543 for those service disabled veterans in receipt of total disability ratings based on individual unemployability, and for those veterans in receipt of nonservice-connected disability pension benefits. These pilot programs went into effect on February 1, 1985 and are scheduled to terminate on January 31, 1989. Mr. Chairman, we believe it is appropriate for the Subcommittees to review at this time the status of each of these programs and assess the results achieved thus far, in light of the goal and intent of the legislation.

The program of vocational training and services for service disabled veterans, while comparable to that provided under Chapter 31 of title 38 USC, includes the requirement that individuals awarded individual unemployability benefits after February 1, 1985 must participate in an evaluation of their vocational potential and if found feasible, they must then participate in a vocational training or services program. Failure to participate or cooperate in the evaluation process or failure to pursue or continue to pursue a plan of vocational training or employment services results in the termination of the additional compensation benefits based upon individual unemployability. Service disabled veterans whose awards of total disability based upon individual unemployability predated February 1, 1985, were also afforded entitlement to this program of vocational training or services on an optional and voluntary basis.

One of the primary goals of this legislation was to test the extent to which seriously disabled veterans could be assisted through programs of vocational rehabilitation training and related employment services to achieve and maintain gainful employment. Service disabled veterans are advised of their entitlement to vocational rehabilitation benefits under Chapter 31. However the main disincentives or stumbling blocks for veterans who are interested in trying to reenter the labor market is the feared loss of a substantial part of their compensation benefits. In recognition of this problem, a provision was included to protect an individual's total rating if they become employed, until the individual has been employed for at least 12 consecutive months.

According to data provided by the Vocational Rehabilitation and Counseling Service, of those veterans awarded compensation based upon individual unemployability during the period February 1, 1985 to January 31, 1987, 76 veterans received vocational evaluation and of those evaluated, only 10 were found feasible to pursue a program of vocational training or services. It is reported that 3 veterans were placed in programs at institutions of higher learning. One veteran was placed in a non-college degree program. One veteran is receiving employment services and 2 veterans are receiving remedial services. Each program of vocational assistance has been developed to provide training or special services in keeping with the individual's overall disability and goals. Thus far, all veterans in this category are still engaged in training or in a program of employment services and none have become employed.

With respect to eligible veterans whose award of individual unemployability was prior to February 1, 1985, the VA reports it received 1,876 requests for vocational evaluation. A total of 493 veterans were formally evaluated and 201 were found to be feasible for vocational training. Subsequently, 112 elected to participate in the program. In the period February 1, 1985 to January 31, 1987, the VA reported that 45 veterans were placed in programs at institutions of higher learning. Twenty two veterans were placed in non-college degree programs. Four were engaged in on-the-job training. Three were being provided independent instruction and five veterans were receiving employment services only. Thus far, all veterans in this category are still engaged in training or in a program of employment services and none of them have become employed.

Mr. Chairman, from the available information, The American Legion feels that it is premature to attempt to draw any final conclusions regarding this program of vocational training and assistance to service disabled veterans. Those veterans who have been accepted into the program are still in the course of their training or are in the

process of receiving employment services. None of the veterans have had the opportunity to fully utilize the benefits provided under this pilot program, in particular the provision of maintaining the individual unemployability rating during a period of trial employment of at least 12 consecutive months. The relatively small number of eligible veterans evaluated and participating in some type of individual program of vocational training or services reflects the severe degree of disability present and the restricted "pool" of eligible veterans. On average, less than 100 new claims for individual unemployability are being allowed each year. During the remainder of the period of the pilot program, it is unlikely the number of veterans with eligibility based upon individual unemployability awards made prior to February 1, 1985 will increase. In all probability, the number of veterans in this category will be decreasing, since the initial response to the VA's outreach effort in 1984 was from those individuals who were highly motivated toward trying to reenter the labor market. We, therefore, do not believe the total number of participating veterans from both categories should determine whether or not the beneficial provisions of this program are to be continued. Additional experience and data are necessary, in order to fully and fairly consider the ultimate results achieved under this program.

The pilot program of vocational training and services for veterans in receipt of nonservice pension benefits is comparable in scope and extent to the training opportunities and services provided to service disabled veterans. Public Law 98-543 authorized the VA to provide up to 2,500 evaluations per year for veterans awarded pension between February 1, 1985 and January 31, 1989. Those eligible veterans under age 50 are required to participate in a vocational evaluation. Failure to cooperate or participate in the evaluation process will result in the termination of pension benefits. Those eligible veterans age 50 and over may request vocational evaluation. Veterans in either category, if found feasible for training and who have potential for subsequent employment, will be provided an individual program of rehabilitation training and related services. However, under this program, they are not eligible to receive any additional subsistence benefits. Once employment has been obtained, resulting income must be reported to the VA, which results in an adjustment of the veteran's pension award. If the total amount of income received exceeds the amount allowed for the continued entitlement to pension, their award is terminated. They do, however, retain eligibility for all VA medical care to which they have been entitled to as a pension recipient for a period of three years.

According to data provided by the Vocational Rehabilitation and Counseling Service, the program got off to a slow start during the first year with only 600 veterans being evaluated. By January 31, 1987, of those eligible veterans under age 50, a total of 3,402 had undergone the required evaluation. Of those, 1,018 were found feasible with 299 electing to receive vocational training or employment services. As a result, 75 veterans have been placed in programs at institutions of higher learning. Eighty three veterans have been enrolled in non-college degree programs. Two veterans are participating in on-the-job training. Four veterans are receiving independent instruction and 17 have received employment services only. While most veterans have yet to complete their programs, 7 have secured employment.

Of those eligible veterans aged 50 and over requesting vocational evaluations during the period February 1, 1985 to January 31, 1987, 330 were evaluated. A total of 162 were found feasible for a program of vocational training or services and 88 subsequently elected to participate in some type of training or receive employment services. As a result, 20 veterans have been placed in programs at institutions of higher learning. Twenty eight were enrolled in non-college degree programs. Two veterans were participating in on-the-job training. Eleven veterans have received employment services only. As with the other category of under age 50 veterans, most are still pursuing their programs. Two veterans thus far have secured employment.

Mr. Chairmen, The American Legion likewise feels that it is premature to attempt to draw any final conclusions on this pilot program. Some organizational problems initially experienced at the beginning of the program have been overcome. The number of required evaluations accomplished nearly exceeded the mandated limit of 2,500 last year and it is projected to exceed that number prior to February 1, 1988. In the interest of affording eligible veterans the opportunity to fully utilize the training and services provided under this program, The American Legion recommends the law be amended to permit a greater number of veterans to receive an initial vocational evaluation during the time remaining in the pilot program. We do not believe this would impact adversely upon the ability of the staff of the Vocational Rehabilitation and Counseling Service to complete the evaluation process and develop the required training programs or provide

related services to eligible veterans on a timely basis along with the current Chapter 31 workload.

Mr. Chairmen, in view of the number of veterans still engaged in programs of training or utilizing employment services in both pilot programs, The American Legion recommends that this Subcommittee consider reexamining these programs twelve months hence when a more realistic apprisal of the results achieved by those participating in each of the programs can be made, together with a cost/benefits assessment.

Mr. Chairmen, that concludes our statement.

PARALYZED VETERANS
OF AMERICA

Forty Years of Service
1947–1987

STATEMENT OF
BOB MORAN, ASSOCIATE LEGISLATIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
AND THE
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
OF THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
VOCATIONAL REHABILITATION
FOR NONSERVICE-CONNECTED PENSIONERS
JUNE 24, 1987

Mr. Chairmen and Members of the Subcommittees, I am Bob Moran, Associate Legislative Director, Paralyzed Veterans of America. On behalf of our members, we appreciate the opportunity to appear here today and present our views regarding the Veterans Administration's implementation of the temporary program of vocational training for pensioners.

PVA, as a congressionally chartered veterans' service organization would like to thank both Chairmen and Members of the two Subcommittees for holding this most important hearing, and for recognizing the importance of these programs, which provide training and employment opportunities that are so critical to the well-being of our members and our nation's disabled veterans. We believe this clearly demonstrates the Subcommittee's sincere interest and concern for the effectiveness of the VA Vocational Rehabilitation Programs.

Initially, I extend PVA's appreciation to the Chairman of the Subcommittee on Compensation, Pension and Insurance, the Honorable Douglas Applegate, to the other Subcommittee Members, and to the staff of the Subcommittee for their efforts in passage, in the 98th Congress, of vocational training assistance for new pension recipients under the age of 50.

As you are aware, Mr. Chairman, Public Law 98-543, which became effective February 1, 1985, authorized a four-year pilot program of vocational rehabilitation for newly eligible nonservice-connected disabled pension recipients. This program, designed primarily for those veterans age 50 years or younger, was a major first step toward providing newly disabled pension recipients the opportunity to receive vocational training, enabling them to return to productive activity, rather than relying on the VA pension program and health-care system for the remainder of their lives.

This important and most innovative program, for the first time in the history of the nonservice-connected disability pension program, was designed to overcome work disincentives for many veterans inherent in the present pension program by providing vocational training opportunities to the newly disabled. At the same time the program assists in the transition to employment by continuing eligibility for certain VA benefits during the early years of employment.

PVA strongly supports the concept of facilitating work incentives contained within this program. We view the creation of the program as a positive step by this Committee to rehabilitate younger nonservice-connected disabled veterans. Furthermore, it eliminates many unnecessary obstacles that impede catastrophically disabled nonservice-connected veterans who desire to return to gainful employment. PVA has, for years, maintained that the nonservice-connected pension program contains built-in work disincentives which have led to unnecessary dependency on government expenditures and loss of considerable human talent from America's work force.

In large part, pension eligibility is based upon age. The pension program was designed to serve the needs of older veterans. As a result, very little attention has been given to the pension recipient under the age 65. The pension program was built upon the archaic attitude that society has an obligation to "take care of" disabled persons. It assumes that disabled individuals are unable to provide for any of their own financial independence and, therefore, must continue to be a burden on society. However, domestic improvements in rehabilitation technologies, medical science, and even increased public awareness of the needs and abilities of disabled individuals have proven in recent years that this need not be the case. Individuals with disabilities, which were once a virtual guarantee of permanent unemployability, are now being viewed as having employment potential. This change is now evidenced by the disabled population participating more fully and actively in American society.

The Program

Legislation passed over two years ago authorized the Veterans Administration to conduct a pilot program of vocational training for veterans awarded pension from February 1, 1985, through January 31, 1989. All new pension recipients under age 50 must participate in a personal evaluation to determine if, after receiving training and/or employment services, securing suitable employment would be reasonably possible. If employment is determined to be a realistic objective, a pension recipient may choose to pursue or not to pursue an individual program of vocationally oriented services. Veterans age 50 or older may elect to participate in both the personal evaluation and a program of services if a vocational goal is found to be reasonable. The VA may provide no more than 2,500 personal evaluations to veterans in any program year.

Program statistics for the first two years (February 1, 1985, through January 31, 1987) have been tabulated. In the category of veterans under age 50, 3,402 persons have received personal evaluations. The VA determined that a

vocational goal was realistic for 1,018 of these veterans with 299 electing a program. Among those veterans age 50 or older, 330 have completed personal evaluations. In 162 cases, a vocational objective was determined reasonable and 88 veterans chose to participate in a vocationally oriented training program. Without this program, approximately 400 disabled veterans would continue to remain on the VA nonservice-connected pension rolls.

Pension Program Statistics
Participation Rate
February 1, 1985 - January 31, 1987

	Less than Age 50	Age 50 or Older
Number Evaluated	3402	330
Number Found Feasible	1018	162
Number Electing Services	299	88
Number Not Electing Services		
Elected Another Program	63	2
Added Expenses Too Great	9	3
Health Too Poor	267	16
Inadequate Transportation	19	1
Not Interested	67	8
Other	164	31
More Than One Reason	139	20
Number Non-Cooperative	29	NA
Number Receiving Services		
Training/Employment	123	40
Employment Only	8	6
Number Ever Received Services		
Training/Employment	166	51
Employment Only	15	11

Program Cost Effectiveness

Modeled after the Social Security Administration's "trial work period," this innovative VA pilot program is proving to be both a reasonable, and yet cost-effective way to address the needs of disabled veterans maximizing their independence and potential.

As an example, PVA examined the case of two veterans, age 42, who became disabled after leaving the military. If eligible for a pension, the average amount paid by the VA would be approximately $400 per month. One veteran draws the pension for two and a half years while being retrained and then finds gainful employment. The total VA disbursement for pension, including retraining, is approximately $14,000. As a member of the work force, the veteran is earning a salary, paying federal and local taxes and is eligible in most instances for employer provided health insurance.

The second veteran does not elect vocational training and continues to draw a VA pension from age 42 through 72, an average life span. After 30 years of drawing a VA nonservice-connected pension, and extensively utilizing the VA's health-care system, the total VA expenditure for this veteran would be

over $161,000. The savings to the VA and the taxpayer is obvious - a savings of well over $147,000 for just one veteran.

VA adjudication personnel are referring those veterans being awarded new pension benefits, who fall under the pilot program guidelines, to the Vocational Rehabilitation Section for determination of feasibility for enrollment and possible counseling for vocational rehabilitation benefits. As mentioned before, in the 24 months since the program was implemented, the VA has evaluated over 3,400 possible participants. VA vocational rehabilitation specialists have recognized over 1,000 individuals as having potential to participate in the program. Over 200 nonservice-connected disabled veterans have received training and/or employment services through the program.

If only ten percent of the veterans currently in the program are successful in finding full-time employment, the savings to the federal government would be almost $3 million. As budget pressure on the VA continues to increase, new innovative cost efficient measures must be examined. This program is an example of the effectiveness of long term solutions to escalating program expenditures. The only fault PVA can find with the program is that, along with so many other VA benefit delivery systems, the agency is understaffed to adequately implement and monitor this program and its contributions.

With statistics obtained through the VA, there are currently 88,583 Korean veterans and 24,197 Vietnam era veterans drawing nonservice-connected pensions. These two groups represent the younger, disabled nonservice-connected population totaling over 100,000. Estimates indicate that out of this group there are approximately 50,000 to 55,000 veterans who could possibly prove eligible to participate in this program. Using these figures and assuming the minimum success rate of only one percent, the savings to the VA would still be over $77 million dollars.

PVA strongly supports this program. We encourage the Committees to consider immediate extension and, in the future, making the program permanent under title 38, USC. We believe that the nonservice-connected Vocational Rehabilitation Program has and will continue to be a very cost-effective program.

We also have to reiterate that not only is it cost-effective, helping to reduce the pension rolls and expenditures, it helps alleviate the ever increasing demands put on the VA's health-care system by returning individuals back into the private sector, through utilization of employer provided health benefits.

And lastly, and probably the most important issue to consider from the veteran's point of view is you have taken an individual who otherwise would not have had the opportunity to return to the work force. You have assisted and given new hope to an individual to achieve a productive and meaningful life.

PVA has contacted and will continue to work with the appropriate Committees, Members and staff in hopes of holding further legislative hearings to examine and make permanent the nonservice-connected vocational rehabilitation program for the younger pensioners currently on the VA's pension rolls.